UTILITY STORES CORPORATION OF PAKISTAN (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

UTILITY STORES CORPORATION OF PAKISTAN (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	7,785,072,997	8,061,272,848
Intangible asset	6	967,452	1,451,105
Long term deposits		3,963,453	4,042,021
		7,790,003,902	8,066,765,974
CURRENT ASSETS			
Stores		8,317,686	4,645,319
Stock in trade	7	8,679,614,838	10,752,491,862
Trade debts	8	-	-
Loans and advances	9	5,991,552	5,640,272
Short term prepayments		10,109,000	110,572
Other receivables	10	26,645,555,634	20,969,015,059
Tax refund due from government	11	2,590,326,203	2,753,454,886
Taxation	12	217,724,610	-
Cash and bank balances	13	7,388,677,127	17,292,169,688
		45,546,316,650	51,777,527,658
TOTAL ASSETS		53,336,320,552	59,844,293,632
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	14	737,731,420	737,731,420
Advance against issue of shares	15	481,999,000	481,999,000
Government funding for procurement of stock	16	10,000,000,000	10,000,000,000
Surplus on revaluation of property, plant and equipment	17	4,562,453,719	4,582,227,050
Accumulated losses		(13,761,933,267)	(15,513,125,795)
		2,020,250,872	288,831,675
NON-CURRENT LIABILITIES			
Deferred capital grant	18	2,406,420,565	2,423,147,810
Lease liability	19	2,847,760,961	2,793,669,679
Deferred liabilities	20	2,741,739,563	2,389,252,726
		7,995,921,089	7,606,070,215
CURRENT LIABILITIES			
Trade and other payables	21	42,013,774,298	37,146,357,997
Taxation	12	-	46,874,500
Lease liability	19	806,374,293	648,221,726
Government subsidy	22	-	13,607,937,519
Government loan	23	500,000,000	500,000,000
		43,320,148,591	51,949,391,742
TOTAL EQUITY AND LIABILITIES		53,336,320,552	59,844,293,632

CONTINGENCIES AND COMMITMENTS 24

The annexed notes from 1 to 46 form an integral part of these financial statements.

MANAGING DIRECTOR **DIRECTOR**

UTILITY STORES CORPORATION OF PAKISTAN (PRIVATE) LIMITED
STATEMENT OF PROIFT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

		2021 Rupees	2020 Rupees
Revenue from contracts with customers	25	92,167,185,303	47,160,361,037
Cost of sales	26	(108,317,987,049)	(46,982,214,819)
Gross profit/(loss)		(16,150,801,746)	178,146,218
Selling and distribution expenses	27	(8,837,179,711)	(7,044,349,135)
Administrative expenses	28	(539,926,994)	(474,961,707)
Operating loss		(25,527,908,451)	(7,341,164,624)
Impairment losses and gains on financial assets	29	7,640,415	(136,906,731)
Finance cost	30	(551,474,440)	(637,063,837)
Subsidy income	31	28,067,594,765	6,160,284,188
Other income	32	1,203,874,093	1,238,492,000
Profit/(Loss) before taxation		3,199,726,382	(716,359,004)
Taxation	33	(1,500,442,986)	(701,987,113)
Profit/(Loss) after taxation		1,699,283,396	(1,418,346,117)

The annexed notes from 1 to 46 form an integral part of these financial statements.

MANAGING DIRECTOR

DIRECTOR

UTILITY STORES CORPORATION OF PAKISTAN (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Profit/ (Loss) for the year		**1,699,283,396**	(1,418,346,117)
Items that will not be classified to profit or loss			
Remeasurement gain on defined benefit plans	**20.2.7**	**32,135,801**	579,051,421
Total comprehensive income for the year - Profit/(loss)		**1,731,419,197**	(839,294,696)

The annexed notes from 1 to 46 form an integral part of these financial statements.

MANAGING DIRECTOR

DIRECTOR

UTILITY STORES CORPORATION OF PAKISTAN (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Note	Share capital	Reserves				Total
			Capital			Revenue	
		Issued, subscribed and paid-up capital	Advance against issue of shares	Government funding for procurement of stock	Surplus on revaluation of property, plant and equipment - net of tax	Accumulated losses	
		Rupees					
Balance as at July 01, 2019		737,731,420	481,999,000	-	4,599,456,061	(14,691,060,110)	(8,871,873,629)
Total comprehensive income for the year							
Loss for the year - restated		-	-	-	-	(1,418,346,117)	(1,418,346,117)
Remeasurement of defined benefit plans	20.2.7	-	-	-	-	579,051,421	579,051,421
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation-net of tax	17	-	-	-	(17,229,011)	17,229,011	-
		-	-	-	(17,229,011)	(822,065,685)	(839,294,696)
Transaction with owners of the Company							
Contributions							
Government funding for procurement of stock		-	-	10,000,000,000	-	-	10,000,000,000
Total contributions		-	-	10,000,000,000	-	-	10,000,000,000
Balance as at June 30, 2020		737,731,420	481,999,000	10,000,000,000	4,582,227,050	(15,513,125,795)	288,831,675
Balance as at July 01, 2020		**737,731,420**	**481,999,000**	**10,000,000,000**	**4,582,227,050**	**(15,513,125,795)**	**288,831,675**
Total comprehensive income for the year							
Profit/ (Loss) for the year		-	-	-	-	**1,699,283,396**	**1,699,283,396**
Remeasurement of defined benefit plans	20.2.7	-	-	-	-	**32,135,801**	**32,135,801**
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation-net of tax	17	-	-	-	**(19,773,331)**	**19,773,331**	-
		-	-	-	**(19,773,331)**	**1,751,192,528**	**1,731,419,197**
Transaction with owners of the Company Contributions							
Government funding for procurement of stock		-	-	-	-	-	-
Total contributions		-	-	-	-	-	-
Balance as at June 30, 2021		**737,731,420**	**481,999,000**	**10,000,000,000**	**4,562,453,719**	**(13,761,933,267)**	**2,020,250,872**

The annexed notes from 1 to 46 form an integral part of these financial statements.

MANAGING DIRECTOR

DIRECTOR

UTILITY STORES CORPORATION OF PAKISTAN (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	34	(18,449,564,261)	(14,815,111,514)
Finance cost paid		(31,942,598)	(142,838,136)
Receipt of Government subsidy		11,000,000,000	18,668,000,000
Leave encashment paid		(40,316,066)	(25,017,708)
Income tax paid		(1,601,913,413)	(643,268,434)
		9,325,827,923	17,856,875,722
Net cash generated from operating activities		(9,123,736,338)	3,041,764,208
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(22,293,616)	(13,769,373)
Paid for intangible asset		-	(1,313,695)
Proceeds from disposal of property, plant and equipment		275,999	32,808
Long term deposits		78,568	695,255
Net cash used in investing activities		(21,939,049)	(14,355,005)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of Government funding for procurement of stock		-	10,000,000,000
Receipt of deferred capital grant		-	2,332,000,000
Payments against lease liability		(757,817,174)	(678,348,243)
Net cash generated from financing activities		(757,817,174)	11,653,651,757
Net increase in cash and cash equivalents		(9,903,492,561)	14,681,060,960
Cash and cash equivalents at the beginning of the year		17,292,169,688	2,611,108,728
Cash and cash equivalents at the end of the year	35	7,388,677,127	17,292,169,688

The annexed notes from 1 to 46 form an integral part of these financial statements.

MANAGING DIRECTOR **DIRECTOR**

UTILITY STORES CORPORATION OF PAKISTAN (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Utility Stores Corporation of Pakistan (Private) Limited ("the Company") was incorporated on September 03, 1971 as a private limited company under the repealed Companies Act, 1913 (now the Companies Act, 2017).

The Company is principally engaged in providing items of daily consumption at comparatively cheaper prices through its chain store operations.

The business units of the company include the following;

Business Unit	Geographical Location
Registered Office	Plot 2039, F-7/G-7 Blue Area Islamabad.
Zonal Offices	
Abbottabad	PMA Road, Shahzaman Colony, Abbottabad
Faisalabad	Daewoo Road, Near Punab Samal Industrial Estate, Faisalabad.
Islamabad	Plot No. 155, St# 09, Sector I-10/3, Industrial Area, Islamabad.
Karachi	St-13, Sector 36/A, Old Roti Plant, K-Area Korangi, Karachi.
Lahore	RCP Building Scheme More, Saidpur Chowk, Multan Road, Lahore.
Multan	1-C Sher Shah Road Opp. Al-Hayat Flour Mill, Industrial Estate, Multan.
Peshawar	126-C, Near Jamrud Road, Peshawar.
Quetta	Plot No. 5-3/96, Roati Plant Building T.T.C, Sirki Roa, Quetta.
Sukkur	A-24, Golimar,Industrial Area Sukkur.

The Company has regional offices, regional warehouses and retail stores located across Pakistan, the zone-wise details of which are listed below;

Zones	No of regions	No of stores
Abbottabad	6	458
Faisalabad	7	611
Islamabad	7	656
Karachi	7	304
Lahore	7	547
Multan	8	663
Peshawar	9	752
Quetta	7	224
Sukkur	6	315
	64	4530

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.2 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 and the liabilities related to defined benefit, gratuity and compensated leave absences which are stated at present value of the defined benefit liability, determined through actuarial valuation.

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

The preparation of these financial statements in conformity with approved accounting standards requires the management to exercise its judgment in the process of applying the Company's accounting policies and use of certain critical accounting estimates. The areas involving a higher degree of judgment, critical accounting estimates and significant assumptions are disclosed in note 2.4.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 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, reassessed values, residual values and depreciation method of property, plant and equipment; – Note 4.1;
- Provision for stock in trade – Note 4.4;
- Allowance for trade debtors under expected credit loss – Note 4.7.1;
- Allowance for other receivables under expected credit loss – Note 4.7.1;
- Provision for taxation - Note 4.14.
- Estimation of provisions - Note 4.18; and

The revisions to accounting estimates (if any) are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3 New accounting standards, interpretations and amendments

3.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the USC's operations or are not expected to have significant impact on the USC's financial statements other than certain additional disclosures.

	Effective from Accounting periods beginning on or after
'Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 1, 2020
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 1, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 1, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 1, 2020

Certain annual improvements have also been made to a number of IFRSs.

3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

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

	Effective date (annual reporting periods beginning on or after)
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023

Certain annual improvements have also been made to a number of IFRSs.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

4.1 Property, plant and equipment

Owned

Recognition and measurement

Items included in property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, except freehold land, leasehold land, buildings on freehold land and buildings on leasehold land. Freehold land and leasehold land are stated at revalued amount. Buildings on freehold land and buildings on leasehold land are stated at revalued amount less accumulated depreciation. Capital work in progress is stated at cost less accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance expenses are recognised in the statement of profit or loss during the financial period in which they are incurred.

Freehold land, leasehold land, buildings on freehold land and buildings on leasehold land are recognized at revalued amounts based on valuation by external independent valuer. Revaluation surplus on property, plant and equipment is credited to capital reserve in shareholders' equity and presented as a separate line item in statement of financial position.

Increases in the carrying amounts arising on revaluation of property, plant and equipment is recognised in statement of comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. The revaluation prices are reviewed after every 3 years,only if there is an indication of any significant change in the revalued amounts.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals of property, plant and equipment are recognised in the statement of profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Freehold land and leasehold land are not depreciated. Depreciation on other assets is calculated using the reducing balance method to allocate their cost / revalued amount less residual value over their estimated useful lives at the annual rates disclosed in note 5.

Depreciation on additions to property, plant and equipment is charged from the date at which property, plant and equipment is acquired or capitalized to the date at which property, plant and equipment is disposed off / derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.2 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Major computer software licenses are capitalized on the basis of cost incurred to acquire and bring to use the specific software.

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

Amortization is provided on a reducing balance method at the rates disclosed in note 6 to the financial statements. Amortization on addition to intangible assets is charged from the date of addition while no amortization is charged for the date of disposal or deletion of assets.

Costs associated with maintaining computer softwares are recognized as an expense as and when incurred.

4.3 Stores

These are valued at weighted average cost or net realizable value which ever, is lower or, less allowance for obsolete and slow moving items. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

4.4 Stock-in-trade

Branded items are valued at lower of cost and net realizable value. Cost is calculated on weighted average method. While commodity items are valued at lower of cost, based on first in first out method, and net realizable value. Stock in transit are stated at invoice value and other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The Company reviews the carrying amount of stock in trade on a regular basis. Provision is made for obsolescence if there is any change in usage pattern or physical form of related stock in trade.

4.5 Trade debts, other receivables and other financial assets

Trade debts, other receivables and other financial assets are initially stated at fair value of consideration to be received. Subsequent to initial recognition, these are carried at their amortized cost as reduced by appropriate charge for expected credit losses, if any. The Company holds the trade debts, other receivables and other financial assets with the objective of collecting the contractual cash flows and therefore measures these subsequently at amortized cost using the effective interest method. Impairment of trade debts and other receivables is described in note 4.7.1.

4.6 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short term bank borrowings under mark-up arrangements, used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried in the statement of financial position at amortized cost.

4.7 Impairment of financial instruments

4.7.1 Financial assets

The Company recognises loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For recognition of impairment on financial assets due from the Government of Pakistan entities, the Company assesses, at each reporting date, whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

4.7.2 Non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if impairment losses had not been recognised. An impairment loss or reversal of impairment loss is recognised in the statement of profit or loss.

4.8 Other receivables

Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

4.9 Financial instruments

(i) Recognition and initial measurement

The Company initially recognises financial assets on the date when they are originated. Financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade debt without a significant financing component) or financial liability is initially measured at fair value, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

ii) Classification

Financial assets

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

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

(a) Amortized Cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Fair value through profit or loss (FVTPL)

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

(iii) Subsequent measurement

(a) Financial assets at amortised cost

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

(b) Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(c) Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

(d) Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities - classification, subsequent measurement and gains and losses

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

(iv) De-recognition

Financial asset

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

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

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognised a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(v) Offsetting

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

4.10 Fair value measurement

'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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit and loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4.11 Government grants

Government grants related to the assets

Government grants related to the assets are originally recognized on the basis of fair value of the assets acquired and the amount received from the GoP and is subsequently amortized in proportion to the depreciation charged on asset so acquired and/or received, by a credit to the profit or loss account for the year.

Government grants related to the income

Government grants related to income are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate on systematic basis.

4.12 Employee benefits

Define benefit plan

The Company operates approved funded gratuity scheme covering all its regular employees who have served the minimum qualifying period as specified in the scheme.

The amount recognized in the statement of financial position represents the present value of defined benefits obligations as adjusted for un-recognized actuarial gains and losses. The most recent actuarial valuation is carried out at June 30, 2021 using the projected unit credit method (refer note 20.2). Actuarial gains and losses are recognized as income or expense in the other comprehensive income. The Company recognizes expense in accordance with IAS 19 "Employee Benefits".

Encashment of unavailed leaves

In case of resignation / termination of services except on misconduct, the earned leave to the credit of an employee up to BPS-15 shall be encashed on the basis of the last pay drawn by an employee. In case of officers of BPS-16 and above, such encashment shall be allowed by the competent authority in case the leave applied for had been refused provided that the total leave encashment shall not exceed 365 days in either case.

The latest actuarial valuation was carried as of June 30, 2021, the related details of which are given in note 20.1 of the financial statements.

Defined contribution plan

The Company has an approved contributory provident fund for its regular employees, contribution in respect of which is charged to profit or loss for the year. Contribution is made by employees at the rate of 8.33% of basic pay at the commencement of financial year. The same amount is contributed by the Company.

4.13 Trade and other payables

Liabilities for trade and other payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not.

4.14 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria is met.

Deferred

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts of assets and liabilities used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- taxable temporary difference are adjusted by the portion of income expected to fall under presumptive tax regime in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. The effect of the adjustment is charged or credited to income currently.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company takes into account the current income tax laws and decisions taken by the taxation authorities. Instances where the Company's view differs from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

4.15 Revenue from contracts with customers recognition

Revenue is recognized on the basis of sales recorded at the retail outlets and the subsidy claimed from GoP on subsidized items, whereas, other sales are accounted for on delivery of goods to customers.

4.16 Share capital

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

4.17 Borrowings

Loans and borrowings are recorded at the proceeds received. Mark up, interest and other borrowing costs are charged to income in the period in which they are incurred.

4.18 Provisions

Provisions are recognized when the Company has present obligation, legal or constrictive obligation as a result of past events, its probable that an outflow of the resources embodying economic benefit will be required to settle the obligation, and the reliable estimate of amount can be made.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimates.

4.19 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.20 Leases

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

Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

Lease Liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below Rs. 0.1 million). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

5 PROPERTY, PLANT AND EQUIPMENT

Description	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Temporary buildings	Plant and equipment	Furniture, fixture and office equipment	Computer and office machines	Motor vehicles and bicycles	Sign boards	Right of use asset*	Total
	Rupees											
Net carrying value basis year ended June 30, 2021												
Opening net book value (NBV)	**3,796,638,000**	**415,777,000**	**415,935,121**	**188,443,323**	**4,088**	**4,365,048**	**110,761,754**	**14,400,871**	**6,712,392**	**223,296**	**3,108,011,955**	**8,061,272,848**
Additions (at cost)	-	-	-	-	-	**1,590,810**	**7,953,945**	**12,620,106**	-	**128,755**	**450,529,181**	**472,822,797**
Disposals (NBV)	-	-	-	-	-	-	-	-	**(15,909)**	-	-	**(15,909)**
Depreciation charge	-	-	**(20,796,756)**	**(9,422,166)**	**(1,022)**	**(1,083,523)**	**(17,125,672)**	**(6,641,770)**	**(1,339,297)**	**(107,196)**	**(692,489,337)**	**(749,006,739)**
Closing net book value	**3,796,638,000**	**415,777,000**	**395,138,365**	**179,021,157**	**3,066**	**4,872,335**	**101,590,027**	**20,379,207**	**5,357,186**	**244,855**	**2,866,051,799**	**7,785,072,997**
Gross carrying value basis year ended June 30, 2021												
Cost / revalue	**3,796,638,000**	**415,777,000**	**437,872,279**	**198,390,000**	**8,759,706**	**46,347,801**	**584,970,229**	**144,477,442**	**106,443,238**	**12,912,321**	**4,076,543,128**	**9,829,131,144**
Accumulated depreciation	-	-	**(42,733,914)**	**(19,368,843)**	**(8,756,640)**	**(41,475,466)**	**(483,380,202)**	**(124,098,235)**	**(101,086,052)**	**(12,667,466)**	**(1,210,491,329)**	**(2,044,058,147)**
Net book value	**3,796,638,000**	**415,777,000**	**395,138,365**	**179,021,157**	**3,066**	**4,872,335**	**101,590,027**	**20,379,207**	**5,357,186**	**244,855**	**2,866,051,799**	**7,785,072,997**
Net carrying value basis year ended June 30, 2020												
Opening net book value (NBV)	3,796,638,000	415,777,000	437,123,000	198,390,000	5,451	4,984,046	126,174,648	9,897,376	8,390,490	311,525	-	4,997,691,536
Impact of adoption of IFR - 16											3,626,013,947	3,626,013,947
Additions (at cost)	-	-	749,278	-	-	404,190	3,704,326	8,895,429	-	16,150	-	13,769,373
Disposals (NBV)	-	-	-	-	-	-	(4,003)	-	-	-	-	(4,003)
Depreciation charge	-	-	(21,937,157)	(9,946,677)	(1,363)	(1,023,188)	(19,113,217)	(4,391,934)	(1,678,098)	(104,379)	(518,001,992)	(576,198,005)
Closing net book value	3,796,638,000	415,777,000	415,935,121	188,443,323	4,088	4,365,048	110,761,754	14,400,871	6,712,392	223,296	3,108,011,955	8,061,272,848
Gross carrying value basis year ended June 30, 2020												
Cost / revalue	3,796,638,000	415,777,000	517,910,998	228,057,724	8,759,706	44,756,990	577,016,285	131,857,337	106,801,536	12,783,566	3,626,013,947	9,466,373,089
Accumulated depreciation	-	-	(101,975,877)	(39,614,401)	(8,755,618)	(40,391,942)	(466,254,531)	(117,456,466)	(100,089,144)	(12,560,270)	(518,001,992)	(1,405,100,241)
Net book value	3,796,638,000	415,777,000	415,935,121	188,443,323	4,088	4,365,048	110,761,754	14,400,871	6,712,392	223,296	3,108,011,955	8,061,272,848
	-	-	**5%**	**5%**	**25%**	**20%**	**15%**	**33.33%**	**20%**	**33.33%**	**14.29%-16.67%**	

*Right of use asset: This represents asset recognized, for store and warehouse buildings acquired by the company on rental basis, as per IFRS 16-leasaes.

5 PROPERTY, PLANT AND EQUIPMENT (continued)

5.1 Depreciation for the year has been allocated as follows.

	Note	**2021 Rupees**	2020 Rupees
Cost of sales	26	**2,184,089**	1,980,461
Selling and distribution expenses	27	**740,188,263**	568,100,965
Administrative expense	28	**6,634,387**	6,116,579
		749,006,739	576,198,005

5.2 Freehold land includes plots and agricultural land in Multan amounting to Rs. 21.892 million (2020: Rs. 21.892 million). These were decreed and transferred against recoverable from a store in charge for which case is pending in the court.

5.3 Forced sale values as per revaluation performed on 30 June 2019 carried by a valuer expert were as follows, however, the forced sale values do not include the impact of subsequent additions.

	2021 Rupees	2020 Rupees
Freehold land	**3,037,310,400**	3,037,310,400
Leasehold land	**332,621,600**	332,621,600
Buildings on freehold land	**350,297,823**	350,297,823
Buildings on leasehold land	**158,712,000**	158,712,000

		Note	2021 Rupees	2020 Rupees
6	**INTANGIBLE ASSET**			
	Computer software	6.1	**967,452**	1,451,105

6.1 Net carrying value basis

	2021 Rupees	2020 Rupees
Opening net book value	**1,451,105**	561,274
Additions	**-**	1,313,695
Amortization charged for the year	**(483,653)**	(423,864)
Closing net book value	**967,452**	1,451,105

Gross carrying value basis

	2021 Rupees	2020 Rupees
Cost	**2,088,695**	775,000
Addition	**-**	1,313,695
Accumulated amortization	**(1,121,243)**	(637,590)
Closing net book value	**967,452**	1,451,105
Amortization rate % per annum	**33.33**	33.33

7 STOCK IN TRADE

	Note	2021 Rupees	2020 Rupees
Stock in hand		**9,038,501,463**	11,206,135,848
Provision for slow moving items	7.1	**(358,886,625)**	(453,643,986)
		8,679,614,838	10,752,491,862

7.1 Movement of provision for slow moving and obsolete items is as follows:

	Note	2021 Rupees	2020 Rupees
Opening balance		**453,643,986**	439,835,577
Reversal / Provision for the year	7.2	**(94,757,361)**	13,808,409
Closing balance		**358,886,625**	453,643,986

7.2 This represents reversal / provision during the year based on actual status of damaged, expired and obsolete stock received from regions during the year and additional 1% provision of gross closing stock for unforeseen damaged, expired and obsolete stock.

		Note	2021 Rupees	2020 Rupees
8	**TRADE DEBTS**			
	Considered doubtful			
	Unsecured and considered doubtful		**258,052,138**	258,052,138
	Allowance for expected credit losses	8.1	**(258,052,138)**	(258,052,138)
			-	-

8.1 Movement of allowance for expected credit losses is as follows:

	2021 Rupees	2020 Rupees
Opening balance	**258,052,138**	258,052,138
Charged during the year	-	-
Allowance for the year	-	-
Adjusted during the year	-	
Closing balance	**258,052,138**	258,052,138

8.2 Trade debts represent balance receivables from different Government departments mainly from Pakistan Bait-ul-Mal, Emergency Relief Cell, National Tuberculosis Control Program and Ministry of Interior. The maximum aggregate amount outstanding during the year was Rs. 258.052 million (2020: Rs. 258.052 million). The aging of trade debts at the statement of financial position date is as follows:

	Note	2021 Rupees	2020 Rupees
Not past due		-	-
Past due by 1 to 2 years		-	-
Past due by over 3 years		**258,052,138**	258,052,138
		258,052,138	258,052,138

9 LOANS AND ADVANCES

	Note	2021 Rupees	2020 Rupees
Unsecured-considered good			
Advances to employees		**5,045,457**	5,484,540
Advances to suppliers		**946,095**	155,732
		5,991,552	5,640,272
Considered doubtful			
Advances to employees		**1,780,245**	1,961,987
Advances to suppliers	9.2 & 9.3	**49,417,139**	49,417,139
		51,197,384	51,379,126
		57,188,936	57,019,398
Provision for doubtful advances	9.1	**(51,197,384)**	(51,379,126)
		5,991,552	5,640,272

9.1 Movement of provision for doubtful advances is as follows:

	2021	2020
Opening balance	**51,379,126**	51,390,747
loans and advances		
Adjustment of doubtful loans and advances	**(181,742)**	(48,158)
Provision for the year	-	36,487
Provision transfer from other receivable	-	50
Closing balance	**51,197,384**	51,379,126

9.2 Advances to suppliers includes an amount of Rs. 44.982 million (2020 : Rs. 44.982 million) in respect of receivables from M/s Qureshi Flour Mills against the supplies of 11,094.5 metric tons of wheat grains for grinding purposes which is disputed with the supplier. The defendant is under the police custody for more than three years. However, the said amount has been provided for in prior years book of accounts of the Company.

9.3 Advances to suppliers includes an amount of Rs. 1.804 million (2020: Rs. 1.804 million) in respect of receivables from M/s Yousufzai Flour Mills which is also disputed with the supplier. The Company has filed a suit against the supplier and the defendant is wanted by the Court of law. However, the said amount has been provided for in the prior years.

10 OTHER RECEIVABLES

	Note	2021 Rupees	2020 Rupees
Insurance claims	10.1	**13,427,371**	-
Recoverable from store in charges	10.2	**78,327,542**	86,979,149
Receivable from Ministry of Finance	10.3	**21,582,124,662**	18,122,467,416
Miscellaneous receivables	10.4	**225,328,875**	-
Accrued interest on bank balances		**12,143,273**	181,863,094
Sales tax refund receivable	10.5	**4,734,203,911**	2,577,705,400
		26,645,555,634	20,969,015,059

10.1 Insurance claims

	Note	2021 Rupees	2020 Rupees
Insurance claims		**291,768,840**	280,375,759
Allowance for expected credit losses	10.1.1	**(278,341,469)**	(280,375,759)
		13,427,371	-

10.1.1 Movement of allowance for expected credit losses is as follows:

	2021 Rupees	2020 Rupees
Opening balance	**280,375,759**	280,083,142
Adjustment during the year	**(1,134,842)**	(10,464,012)
Allowance for the year	-	13,384,893
Allowance transferred to recoverable from store in charges	**(899,448)**	(2,628,264)
Closing balance	**278,341,469**	280,375,759

10.1.2 Insurance claims balance represents receivables from National Insurance Company Limited ("NICL"). The maximum aggregate amount outstanding during the year was Rs. 291.769 million (2020: Rs. 280.376) . The aging of insurance claims at the statement of financial position date is as follows:

	Note	2021 Rupees	2020 Rupees
Not past due		-	-
Past due by 1 to 2 years		-	-
Past due by over 3 years		**291,768,840**	280,375,759
		291,768,840	280,375,759

10.2 Recoverable from store in charges

	Note	2021 Rupees	2020 Rupees
Recoverable from store in-charges	10.2.2 & 10.2.3	**1,556,307,849**	1,569,232,666
Allowance for expected credit losses	10.2.2 & 10.2.3	**(1,477,980,307)**	(1,482,253,517)
		78,327,542	86,979,149

10.2.1 The shortage in stocks at various stores have been discovered by the Company and receivables have been recognized from store in-charges in respect of these shortages.

10.2.2 It includes Rs. 382.086 million (2020: Rs. 382.305 million) relating to embezzlement of cash funds through undue / excessive sales deliberately / intentionally credited in selective store ledgers by the staff of Quetta region, as being identified in findings of the Inquiry Committee of USC head office. Out of the above mentioned amount, Rs. 0.219 million (2020: Rs. 0.119 million) has been charged off during the year. The amounts have been shown as recoverable from store-in-charges, however, will be fully provided for on receipt of final Inquiry Report of Federal Investigation Agency in prior year.

		2021 Rupees	2020 Rupees
10.2.3	Movement of allowance for expected credit losses is as follows:		
	Opening balance	**1,482,253,517**	1,352,283,546
	Recovery / adjustment of doubtful receivables	**(11,138,576)**	(2,180,520)
	Write off / adjustment of doubtful receivables	**-**	-
	Allowance for the year	**5,948,212**	129,522,227
	Allowance transfer from insurance claim & misc.receivables	**917,154**	2,628,264
	Closing balance	**1,477,980,307**	1,482,253,517

10.3 Receivable from Ministry of Finance

	2021	2020
Sugar subsidy	**18,088,925,419**	18,088,925,419
Non-paper subsidy	**33,541,997**	33,541,997
Prime Minister relief package	**3,459,657,246**	-
	21,582,124,662	18,122,467,416

10.3.1 This represents subsidy granted by GoP to stabilize prices of essential commodities in the market and to provide relief to end consumers. The Company has been provided subsidy by GoP on launching Ramadan Relief Package and PMRP-2020, on sugar and other utilities to sell the items included in these packages at subsidized rates. The maximum aggregate amount outstanding during the year was Rs. 21,582.124 million (2020: Rs. 18,122.467 million). The aging of receivable from Ministry of Finance at the statement of financial position date is as follows:

	Note	2021 Rupees	2020 Rupees
Not past due		**3,459,657,246**	-
Past due by 1 to 2 years		**-**	-
Past due by over 3 years		**18,122,467,416**	18,122,467,416
		21,582,124,662	18,122,467,416

10.4 Miscellaneous receivables

	Note	2021	2020
Miscellaneous receivables		**323,047,551**	98,869,848
Provision for doubtful miscellaneous receivables	10.4.1	**(97,718,676)**	(98,869,848)
		225,328,875	-

10.4.1 Allowance for expected credit losses

Movement of provision for Miscellaneous receivables is as follows:

	2021	2020
Opening balance	**98,869,848**	59,694,470
Recovery / adjustment of doubtful miscellaneous receivables	**(1,133,466)**	(232,250)
Provision for the year	**-**	39,407,678
Allowance transfer to recoverable from store incharges	**(17,706)**	(50)
Closing balance	**97,718,676**	98,869,848

10.5 This includes net sales tax receivable as per sales tax returns filed amounting to Rupees 3,418.322 millions and amount recoverable from Federal Board of Revenue against various demands of Sales Tax and Federal Excise Duty relating to period from July 2011 to June 2016 amounting to Rs. 1,315.891 million.

In prior year, Federal Board of Revenue recovered Rs. Rs. 480.845 million by creating the sales tax demand on non payment of sales tax on subsidy for the period July 2011 to June 2013 from the Company's bank account. The case is decided in favor of the Company by Appelate Tribunal Inland Revenue (ATIR) against these taxes as explained in note 24.1.16 to these financial statements.

Further, FED and sales tax is recovered by tax department on creating the sales tax demand for non payment of sales tax on subsidy comprising of Rs. 368.657 million sales tax and Rs. 0.176 million FED for the period July 2010 to June 2011, Rs. 179.813 million sales tax and Rs. 1.452 million FED for the period July 2013 to June 2014 and Rs. 130.003 million sales tax and Rs. 0.865 million FED for the period July 2014 to June 2015 and Rs. 154.068 million sales tax for the period July 2015 to June 2016 has been paid. These cases are decided in favor of the Company by Appelate Tribunal Inland Revenue (ATIR) against as explained in notes 24.1.17, 24.1.20, 24.1.24 and 24.1.26 to these financial statements respectively.

	Note	2021 Rupees	2020 Rupees
11 TAX REFUND DUE FROM GOVERNMENT			
Tax refund due from government	11.1 & 11.2	**2,590,326,203**	2,753,454,886

11.1 This includes Rs. 47.973 million and Rs. 671.016 million paid under protest by the Company against tax demands raised by the Federal Board of Revenue relating to tax years 2010, 2012, 2013 and 2014 respectively. In the financial statements of 2007 to 2014 minimum tax provision was not recognized due to gross loss before subsidy as explained in notes 24.1.2 to 24.1.6 as subsidy from government was exempt from income tax including minimum tax under clause 102A of part 1 of Second Schedule of the Income Tax Ordinance, 2001. The amount deposited during the above mentioned years as minimum tax is recognized in tax refund due from government comprising of Rs. 33.704 million for 2007, Rs. 232.017 million for 2009, Rs. 127.493 million for 2010, Rs.531.468 million for 2011, Rs. 492.639 million for 2012, Rs. 301.026 million for 2013 and Rs. 199.304 million for 2014. The Company is contesting before different appellate forums and the recoverability of this amount is subject to pending decisions of the appellate forums.

11.2 The amount of Rs. 33.704 million and Rs. 232.017 million deposited against the tax demand raised by Federal Board of Revenue relating to tax years 2007 and 2009 respectively was recognized in tax refund due from government. The Supereme Court of Pakistan has decided the case on 03 October 2022 in favour of the Company for the amount of Rs 33.704 million relating to tax year 2007. Based on this judgement management is of the view that the department will now refund the amount of tax recovered in earlier periods amounting to Rs. 2,590.326 million.

	Note	2021 Rupees	2020 Rupees
12 TAXATION			
Balance at beginning of the year		**(46,874,500)**	12,494,735
Prior period adjustment		**560,745**	(650,556)
Transfer from tax refund due from government	12.1	**116,814,928**	-
Adjusted from tax refund due from government	12.2	**46,313,755**	-
Payments made during the year		**1,601,352,668**	643,268,434
		1,718,167,596	655,112,613
Provision for the year	33.1	**(1,500,442,986)**	(701,987,113)
		217,724,610	(46,874,500)

12.1 This amount represents Rs. 48.621 millions and Rs. 68.193 millions being charged to expense which were previously recorded in tax refund due from government.

12.2 This amount relates to income tax payable for the tax year 2020 adjusted against assessed refund of prior periods.

	Note	2021 Rupees	2020 Rupees

13 CASH AND BANK BALANCES

	Note	2021 Rupees	2020 Rupees
Cash in hand		**7,393,401**	9,411,991
Cash in transit	13.1	**486,069,154**	226,993,684
		493,462,555	236,405,675
Bank balances - Local currency:			
Current accounts		**-**	-
Saving accounts	13.2	**6,895,214,572**	17,055,764,013
		7,388,677,127	17,292,169,688

13.1 This represents cash deposited by the store in charges with banks, however, not credited by the offline banks on the statement of financial position date and were subsequently credited in July 2021.

13.2 Bank balances in saving accounts include Rs. 945.647 million (2020: Rs. 757.206 million) in respect of security deposits received. Effective mark up rates in respect of saving accounts ranges from 5.5 % to 6.90 % (2020: 6.5 % to 12.75 %) per annum.

14 SHARE CAPITAL

	Note	2021 Rupees	2020 Rupees
14.1 Authorized share capital:			
Number of ordinary shares of Rs. 10/- each		**1,250,000,000**	1,250,000,000
14.2 Issued, subscribed and paid up capital:			
Number of ordinary shares of Rs. 10/- each		**73,773,142**	73,773,142
Fully paid in cash		**20,000,180**	20,000,180
Issued to GoP in settlement of loan		**717,731,240**	717,731,240
		737,731,420	737,731,420

14.3 All ordinary share holders have same rights regarding voting, board election, right of first refusal and block voting.

15 ADVANCE AGAINST ISSUE OF SHARES

	Note	2021 Rupees	2020 Rupees
Government of Pakistan	15.1	**481,999,000**	481,999,000

15.1 This represents Government equity investment in the capital of the Company, which has been received as working capital equity amounting to Rs. 450 million (2020: Rs. 450 million) from Government of Pakistan (GoP) through Finance Division Corporate Finance Wing vide their letters dated November 14, 2001, August 04, 2003 and November 06, 2003 of Rs. 150 million (2020: Rs. 150 million) each. This also includes Rs. 31.999 million (2020: Rs. 31.999 million) finance cost paid by the GoP on behalf of the Company with respect to long term loan of Habib Bank Limited. This has been disclosed in equity as per TR-32 issued by Institute of Chartered Accountants of Pakistan (ICAP).

		Note	2021 Rupees	2020 Rupees
16	**GOVERNMENT FUNDING FOR PROCUREMENT OF STOCK**			
	Government funding for procurement of stock	16.1	**10,000,000,000**	10,000,000,000

16.1 This represent the amounts approved by the Ministry of Industries and Production under vide letter F.No.7(11)2019, dated November 15, 2019 amounting to Rs 5 billion and vide letter No.A.II/Ind&Prod/Auth/2019-20/5814, dated Feburary 24, 2020 amounting to Rs 5 billion for the procurement of stock.

		2021 Rupees	2020 Rupees
17	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**		
	Balance as at July 01	**4,743,755,669**	4,768,021,882
	Revaluation surplus on land during the year	-	-
	Revaluation surplus on building during the year		
	Less: Transferred to equity in respect of incremental depreciation charged during the year	**19,773,331**	17,229,011
	Related deferred tax liability during the year transferred to profit or loss account	**8,076,431**	7,037,202
		27,849,762	24,266,213
		4,715,905,907	4,743,755,669
	Less: Related deferred tax effect:		
	Balance as at July 01	**161,528,619**	168,565,821
	Effect of change in rate	-	-
	Transferred to profit or loss account	**(8,076,431)**	(7,037,202)
		153,452,188	161,528,619
	Balance as at June 30	**4,562,453,719**	4,582,227,050

17.1 The Company has revalued its leasehold / freehold land and buildings in June 2019. The revaluation was carried out by independent valuer M/s K.G Traders (Pvt.) Ltd, using fair market value. The report indicated impairment and appreciation in the value of land and building which has been adjusted in the accounts for the year ended June 30, 2019.

17.2 Had there been no revaluation, the net book value of the specific classes of property, plant and equipment would have been as follows:

	Note	2021 Rupees	2020 Rupees
Leasehold land		**24,362,856**	24,362,856
Freehold land		**1,291,715**	1,291,715
Buildings on freehold land		**937,975**	987,342
Buildings on leasehold land		**42,188,850**	44,409,316

		Note	2021 Rupees	2020 Rupees
18	**DEFERRED CAPITAL GRANT**			
	Estimated value of fixed assets received under assistance from International Labor Organization, United Nations Development Programme through the Government of Pakistan (GoP)		**2,120,405**	2,120,405
	Capital investment by the GoP for construction of building projects		**9,069,000**	9,069,000
	Supplementary grant provided by Ministry of Industries, Production and Special Initiatives for expansion of stores and warehouses network		**1,242,047,478**	1,242,047,478
	Government fund for IT automation	18.1	**2,332,000,000**	2,332,000,000
			3,585,236,883	3,585,236,883
	Less: Amortization:			
	Balance at beginning of the year		**1,162,089,073**	1,145,557,388
	Amortization for the year		**13,915,235**	16,531,685
	Amortization IT automation for the year	18.1	**2,812,010**	-
			1,178,816,318	1,162,089,073
			2,406,420,565	2,423,147,810

18.1 The Company received these funds from the Government of Pakistan on account of implementation of enterprise resource planning (ERP) along with procurement of related hardware.

		Note	2021 Rupees	2020 Rupees
19	**LEASE LIABILITY**			
	Balance as at July 01,		**3,441,891,405**	-
	Impact of First time adoption of IFRS 16 - Leases		**-**	3,626,013,947
	Additions		**450,529,181**	-
	Interest on leases during the year		**519,531,842**	494,225,701
	Payments made during the year		**(757,817,174)**	(678,348,243)
			3,654,135,254	3,441,891,405
	Less: current portion		**(806,374,293)**	(648,221,726)
	Non-current portion		**2,847,760,961**	2,793,669,679

19.1 This represents present value of lease rentals payable to the landlords on account of retail stores. The rentals are discounted at the rate of three years PIB interest rate i.e. 13.8% at the date of initial application.

19.2 The addition comprises of Rupees 282.637 million for the current year and Rupees 167.872 million related to the prior years, the ROU asset for the respective amounts pertaining to the prior year have also been updated in current year numbers accordingly. Interest in lease liabilities include the interest for the year amounting to Rs. 490.199 million and interest on lease liabilities relating to prior period amounting to Rs: 29.333 million.

19.3 Maturity analysis of undiscounted lease payments that will be paid after the reporting date is as follows:

	Note	2021 Rupees	2020 Rupees
Less than one year		**889,085,545**	736,574,347
One to four years		**3,739,165,911**	3,584,611,683
More than four years		**132,824,575**	1,082,268,425
		4,761,076,031	5,403,454,455
Amounts recognized in the profit or loss			
Interest on lease liabilities		**519,531,842**	494,225,701
Depreciation	5	**692,489,337**	518,001,992
		1,212,021,179	1,012,227,693

20 DEFERRED LIABILITIES

	Note	2021 Rupees	2020 Rupees
Defined benefit plan - leave encashment	20.1	**1,486,486,881**	1,371,624,829
Defined benefit plan - gratuity	20.2	**1,255,252,682**	1,017,627,897
		2,741,739,563	2,389,252,726

20.1 Defined benefit plan - leave encashment

The employees are entitled to receive 45 days leave per annum. The un-utilized leaves are accumulated. The un-utilized accumulated leaves are en-cashed at the time of leaving service subject to a maximum of 365 days. The leave encashment benefit is calculated as per Company policy. Annual charge is based on actuarial valuation carried out as at June 30, 2021 using Projected Unit Credit Method.

	Note	2021 Rupees	2020 Rupees
20.1.1 Amount recognized in statement of financial position is as follow:			
Present value of defined benefits obligations	20.1.2	**1,486,486,881**	1,371,624,829
Fair value of plan assets		**-**	-
		1,486,486,881	1,371,624,829

	Note	2021 Rupees	2020 Rupees
20.1.2 The movement in the present value of defined benefits obligation is as follows:			
At beginning of the year		**1,371,624,829**	1,451,143,324
Current service cost		**155,178,118**	(54,500,787)
Interest cost			
Benefits paid		**(40,316,066)**	(25,017,708)
Actuarial loss		**-**	
At end of the year		**1,486,486,881**	1,371,624,829

	2021	2020
20.1.3 The principal actuarial assumptions used were as follows:		
Discount rate	**10.25%**	9.25%
Expected increase in salary	**10.25%**	9.25%
Mortality rate	**SLIC (2001-05)**	SLIC (2001-05)
Average expected working lives of employees in years	**13.26**	10.30

20.1.4 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Increase in Assumption	Increase in Assumption
Discount rate	**1,306,837,609**	1,224,320,555
Salary increase rate	**1,701,601,542**	1,546,693,501
	Decrease in Assumption	Decrease in Assumption
Discount rate	**1,701,199,090**	1,546,895,734
Salary increase rate	**1,299,454,606**	1,221,725,738

20.2 Defined benefit plan - gratuity

The gratuity is payable to all regular employees who have served the minimum qualifying period as specified in the scheme upon their retirement at the age of 60 years or on earlier cessation of service, at the rate of one month gross pay drawn for each completed year of service or any part thereof in excess of six months. Annual charge is based on actuarial valuation carried out as at June 30, 2021 using Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Risk of insufficiency of assets - This is managed by making regular contribution to the Fund as advised by the actuary.

Asset volatility - Most assets are invested in risk free investments i.e. National Saving Schemes.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

	Note	**2021 Rupees**	2020 Rupees
20.2 Defined benefit plan - gratuity			
20.2.1 Amount recognized in statement of financial position is as follows:			
Present value of defined benefits obligation	20.2.2	**2,762,813,253**	2,473,760,288
Fair value of plan assets	20.2.3	**(1,507,560,571)**	(1,456,132,391)
		1,255,252,682	1,017,627,897

20.2.2 The movement in the present value of defined benefits obligation is as follows:

	2021 Rupees	2020 Rupees
At beginning of the year	**2,473,760,288**	2,601,768,905
Current service cost	**165,453,727**	150,071,408
Interest cost	**252,327,200**	368,559,848
Benefits paid	**(24,063,015)**	(30,768,017)
Actuarial (gain)	**(104,664,947)**	(615,871,856)
At end of the year	**2,762,813,253**	2,473,760,288

20.2.2.1 Comparison for five years

2021	2020	2019	2018	2017
Rupees	Rupees	Rupees	Rupees	Rupees
Present Value of defined benefit obligation				
2,762,813,253	2,473,760,288	2,601,768,905	1,516,779,656	1,138,852,351

	2021 Rupees	2020 Rupees

20.2.3 The movement in the fair value of plan assets is as follows:

	2021	2020
Balance at beginning of the year	**1,456,132,391**	1,335,591,303
Interest income for the year	**148,020,341**	188,129,539
Contribution during the year	**-**	-
Benefits paid during the year	**(24,063,015)**	(30,768,017)
Return on plan assets excluding interest income	**(72,529,146)**	(36,820,434)
Balance at end of the year	**1,507,560,571**	1,456,132,391

20.2.4 Movement in the net asset / (liability) recognized is as follows:

	2021	2020
Balance at beginning of the year	**1,017,627,897**	1,266,177,602
Expense chargeable to profit or loss	**269,760,586**	330,501,716
Amount chargeable to OCI during the year	**(32,135,801)**	(579,051,421)
Contribution paid during the year	**-**	
Balance at end of the year	**1,255,252,682**	1,017,627,897

20.2.5 Charge for the year

	2021	2020
Current service cost	**165,453,727**	150,071,408
Past service cost	**-**	-
Net interest on net defined benefit liability	**104,306,859**	180,430,308
	269,760,586	330,501,716

20.2.5.1 Comparison for five years

2021	2020	2019	2018	2017
Rupees	Rupees	Rupees	Rupees	Rupees
Charge for the year				
269,760,586	330,501,716	179,153,563	144,276,599	102,906,603

		Note	2021 Rupees	2020 Rupees
20.2.6	Plan assets comprises of the following:			
	Defense saving certificates (DSC's)			
	Special saving certificates (SSC's)		**112,464,419**	95,459,178
	National Bank of Pakistan - TDRs		**5,101,083**	1,240,025,128
	Investment (United Bank Limited)		**-**	84,473,861
	Gratuity advance		**-**	230,178
	Bank balances		**1,389,995,069**	35,944,046
			1,507,560,571	1,456,132,391

		Note	2021 Rupees	2020 Rupees
20.2.7	Remeasurement chargeable to other comprehensive income			
	Actuarial (gain) due to experience adjustment		**(104,664,947)**	(615,871,856)
	Return on plan assets		**72,529,146**	36,820,435
			(32,135,801)	(579,051,421)

		2021	2020
20.2.8	The principal actuarial assumptions used were as follows:		
	Discount rate	**10.25%**	10.25%
	Expected rate of return on plan assets	**10.25%**	10.25%
	Expected increase in salary	**10.25%**	10.25%
	Mortality rate	**SLIC (2001-05)**	SLIC (2001-05)
	Average expected working lives of employees in years	**11.39**	7.86

20.2.9 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Increase in Assumption (2021)	Increase in Assumption (2020)
Discount rate	**2,475,572,466**	2,246,426,385
Salary increase rate	**3,115,391,669**	2,748,042,122
	Decrease in Assumption	Decrease in Assumption
Discount rate	**3,104,710,558**	2,748,530,853
Salary increase rate	**2,461,920,814**	2,241,830,664

20.2.10 The charge in respect of defined benefit plan for the year ending June 30, 2022 is estimated to be Rs.295.912 million.

		2021 Rupees	2020 Rupees
20.3	**Deferred taxation**		
	Due to taxable temporary differences:		
	Accelerated tax depreciation	**9,037,525**	8,916,583
	Surplus on revaluation of fixed assets	**153,452,189**	161,528,619
	Right of use asset	**752,595,654**	-
		915,085,368	170,445,202

	2021 Rupees	2020 Rupees
Due to deductible temporary differences		
Stores Spares, Loans, Advances and Other Receivables	**(659,128,024)**	(732,454,313)
Retirement Benefits	**(795,104,473)**	(692,883,291)
Contributory Provident Fund	**(6,642,620)**	(7,685,430)
Worker's Benevolent Fund	**(2,250,846)**	(1,794,136)
Lease Liability	**(833,418,417)**	(998,148,507)
Prior Year Assessed Tax Losses	**(22,462,684,180)**	(9,650,834,140)
	(24,759,228,560)	(12,083,799,817)
	(23,844,143,192)	**(11,913,354,615)**

20.3.1 Deferred tax asset of Rs. 23,844.143 million (2020: Rs. 11,913.354 million) due to turnover tax, provisions, and brought forward losses has not been recognized in the current financial statements due to uncertainty regarding realizability of the amount.

21 TRADE AND OTHER PAYABLES

	Note	2021 Rupees	2020 Rupees
Creditors			
Associated undertaking	21.1	**23,991,107,385**	23,999,143,707
Others vendors		**15,214,895,801**	10,171,289,998
Salaries and allowances		**436,587,101**	600,054,292
Bonus payable		**-**	184,240
Security deposits	21.2	**1,084,063,564**	983,431,900
Contributory provident fund		**22,905,587**	26,501,483
Workers' benevolent fund		**7,761,538**	6,186,675
Fidelity guarantee		**148,938,621**	135,756,540
Employee donation fund	21.3	**241,418,199**	203,552,792
Sales tax		**125,398,822**	-
Withholding tax		**53,584,616**	21,066,624
Other liabilities		**687,113,064**	999,189,746
		42,013,774,298	37,146,357,997

21.1 This represent amounts payable to Trading Corporation of Pakistan (Private) Limited.

21.2 These represents un-utilizable amounts received as security deposits from suppliers and franchisees amounting to Rs. 709.472 million (2020: Rs. 590.369 million) and Rs. 23.407 million (2020: Rs. 22.451 million) respectively. This also include amounts retained from suppliers against performance guarantees amounting to Rs. 351.185 million (2020: Rs. 370.612 million). These are kept in a separate bank account.

21.3 This represents deduction of one day basic salary from every employee and to be paid to the extent of Rs.1.2 million to regular and contract employee's and Rs. 1 million to daily wages employees next of kin, in case of their death during service period.

22 GOVERNMENT SUBSIDY

	2021 Rupees	2020 Rupees
Opening balance	**13,607,937,519**	1,100,221,707
Receipts during the year	**11,000,000,000**	18,668,000,000
Subsidy income for the year	**(28,067,594,765)**	(6,160,284,188)
	(3,459,657,246)	
Transfer to Ministry of Finance receivables	**3,459,657,246**	-
Closing balance	**-**	13,607,937,519

22.1 This represents subsidy granted by GoP to stabilize prices of essential commodities in the market and to provide relief to end consumers. The Company has been provided subsidy by GoP on launching Ramadan Relief Package, on sugar and other products.

23 GOVERNMENT LOAN

The Executive Committee of the National Economic Council (ECNEC) approved the project of expansion of Utility Stores Corporation (USC) network (establishment of 22 warehouses and 5,000 stores at Union Council level) in financial year 2007-08 at a total cost of Rs. 1,778.44 million. The project was approved at a condition that the total approved cost of Rs. 1,778.44 million shall include the working capital of Rs. 500 million, which would be provided through Cash Development Loan (CDL). Out of the total cost, the Company had received an amount of Rs. 500 million during the year 2009 as a CDL. The loan is unsecured, non - interest bearing and payable on demand.

	2021 **Rupees**	2020 Rupees
Cash Development Loan (CDL)	**500,000,000**	500,000,000

24 CONTINGENCIES AND COMMITMENTS

24.1 CONTINGENCIES

24.1.1 Claims against the Company and/or potential exposure not acknowledged as debts:

Suppliers and other claims against the Company	**295,509,510**	209,728,748

24.1.2 The income tax return for the Tax Year 2010 was selected for total audit through computerized balloting by FBR; the Additional Commissioner Inland Revenue (ACIR) has created a tax liability of Rs. 264.134 million by imposing minimum tax on alleged turnover. The Company has deposited Rs. 127.489 million during the year which is appearing as tax refund due from government in Note 11 to the Financial Statements after adjusting the deposited tax, ACIR has amended the assessment and created a tax demand of Rs. 136.645 million vide order No.13/123 dated Feb 29, 2016. ACIR has further amended the assessment u/s 124/122(5A) dated June 28, 2016 and created the revised tax demand of Rs. 133.105 million. The Company filed appeal along with stay application before Commissioner Inland Revenue (Appeals) CIRA, which was decided against the Company. Feeling aggrieved, the Company filed appeal before Appellate Tribunal Inland Revenue (ATIR) against the order and filed writ petition for grant of stay before Islamabad High Court (IHC) and the honorable IHC vide W.P. No. 4685 dated December 20, 2016 granted stay, which is valid till the decision of appeal by the ATIR. The ATIR called for hearing on July 5th, 2017 and August 5th, 2017 and learned bench of the ATIR has reserved the decision which will be issued after adjudicating on the departmental appeals filed for tax years 2012 and 2013 against the order of the CIRA. The tax demand is currently under stay, granted by the Honorable IHC vide W.P No. 4685 dated 20 December 2016 which is valid till the decision of the appeal by ATIR.

24.1.3 The income tax return for the Tax Year 2011 was selected for tax audit through computerized balloting by FBR; the ACIR has created a tax liability of Rs. 681.245 million by imposing minimum tax on alleged turnover. The Company has deposited Rs. 531.367 million during the year which is appearing as tax refund due from government in Note 11 to the Financial Statements and after adjusting the deposited tax, the ACIR has amended the assessment and created a tax demand of Rs. 149.878 million vide order No.14/123 dated Feb 29, 2016. The ACIR has further amended the assessment u/s 124/122(5A) dated June 28, 2016 and created the revised tax demand of Rs. 139.011 million. The Company filed appeal along with stay application before the CIR (Appeals), which was decided against the Company. Feeling aggrieved, the Company filed appeal before the ATIR against the order and filed writ petition for grant of stay before the IHC and the honorable IHC vide W.P. No. 4686 dated December 20, 2016 granted stay, which is valid till the decision of appeal by the ATIR. The ATIR called for hearing on July 5th, 2017 and August 5th, 2017 and learned bench of the ATIR has reserved the decision which will be issued after adjudicating on the departmental appeals filed for tax years 2012 and 2013 against the order of the CIRA.

24.1.4 The ADCIR has issued the notice u/s 122(5A) of the ITO'2001 for Tax Year 2012 and amended the assessment creating tax demand of Rs. 181.214 million after adjusting the taxes paid by the Company by imposing minimum tax on alleged turnover. Feeling aggrieved the Corporation has filed appeal before CIRA who has delete the impugned order of the DCIR. However, department has preferred an appeal before ATIR which was fixed for hearing on 26 October 2020. However, no judgment has been received till today.

24.1.5 The income tax return for Tax Year 2013 was selected for tax audit through computerized balloting by FBR; the ACIR has created a tax liability of Rs. 465.693 million by imposing minimum tax on alleged turnover. The Company has deposited Rs. 301.025 million which is appearing as tax refund due from government in Note 11 to the Financial Statements and after adjusting the deposited tax, the ACIR has amended the assessment and created the revised tax demand of Rs. 164.668 million. The Company has filed an appeal before the CIRA, who has decided the matter in favor of the Company vide his appellate order No.881/2015 dated June 01, 2015. The Department has filed appeal before the ATIR against the order of the CIRA. The appeal is still pending, and the management is confident of a favorable outcome and therefore no provision has been provided in these financial statements.

24.1.6 The income tax return for Tax Year 2014 was selected for total audit through computerized balloting by FBR; the ACIR has created a tax liability of Rs. 871.123 million by imposing minimum tax on alleged turnover. The Company has deposited Rs. 200.107 million which is appearing as tax refund due from government in the Company's books of accounts and after adjusting the deposited tax, the ACIR has amended the assessment and created the revised tax demand of Rs. 671.016 million vide order No.18/124 dated April 29, 2016. The Company filed appeal along with application for stay of recovery proceedings before the CIRA, upon which the Company was granted a stay of 20 days' subject to deposit of 35% tax demand. Feeling aggrieved, the Company filed writ petition before the IHC upon which the honorable IHC granted stay from recovery proceedings. Despite the stay granted by the IHC, the ACIR (Enforcement-I) has recovered Rs. 671.016 million forcibly from the Company's bank accounts on June 30, 2016 which is appearing as tax refund due from government in the Company's books of accounts. The Company has filed contempt application vide Criminal Original No.252/2016 in WP No. 2309/2016 dated July 12, 2016 in the IHC. The CIRA passed order no. 785/2016 dated July 14, 2016 and maintained that amount of subsidy is the part of turnover for charging of minimum tax @1% u/s 133 of the Ordinance and remand back the case to the ACIR to ascertain the exact amount of turnover relating to AJK and pass the order afresh on the issue. The Company has filed appeal to the ATIR vide letter no. IT/0140/2016 dated July 28, 2016 that order of the CIRA may kindly be vacated. Appeal is still pending at the ATIR. The DCIR (Zone-I), Audit-I, LTU Islamabad has passed order u/s 122(4) read with section 122(5) dated August 2, 2016 creating nil demand. After remand back the case, the DCIR amended the assessment u/s /122(5A), vide DCR no.01/030 dated 27 October 2016 and finalized the proceedings after adjustment of AJK sales of band created the revised tax demand of Rs. 662.327 million. Currently appeal is pending at the ATIR.

24.1.7 The ACIR passed order-in-original No. 01/61 of 2018 dated January 31, 2018 order for the Tax Year 2014 and created the tax demand of Rs. 780.028 million u/s 161/205 of the Income Tax Ordinance, 2001 for the alleged non-deduction/short deduction of withholding tax. The Company filed appeal along with stay application before CIRA against the impugned order. The CIRA upheld the order of DCIR vide order-in-appeal No. 500/2018 dated May 29, 2018. DCIR amended the order vide DCIR No.01/22 dated March 27,2019 and determined the tax liability to the extent of Rs.471.353 million. The Company filed an appeal before ATIR against the order of CIRA along with stay application. ATIR granted stay till the decision of appeal vide order No. M.A (Stay) Interim No. 610/IB/2018, ITA (Interim) No. 446/IB/2018 TY-2014 dated March 14, 2018. Currently, the company preferred an appeal before the learned CIRA, who vide their Appellate Order No. 71/2019, dated 09 October 2019 decided the case in favor of the Company, by deleting the aforementioned order of the DCIR.

24.1.8 The ACIR passed order No. 06/61 dated April 24, 2017 and created the demand of Rs. 13.469 million u/s 161/205 of the Income Tax Ordinance, 2001 due to wrong selection of relevant applicable sections in withholding statement u/s 165 for the Tax Year 2015. The Company has filed an appeal before the CIRA against the impugned order. The CIRA passed appellate order No. 190/2017 dated November 07, 2017 and endorsed the order of the ACIR. The Company has filed an appeal before the ATIR against the order and ATIR remanded back the case to DCIR.

24.1.9 The Deputy Commissioner Inland Revenue, Unit-10 (Zone-II) LTU Islamabad has issued order No. 03/51 dated February 20, 2018 and created the tax demand of Rs. 22.350 million u/s 182 of the Income Tax Ordinance, 2001 due to late filing of Income Tax Return for the Tax Year 2015. The delay of 41 days in the filing of income tax return has occurred due to back log of audited accounts of the Company. The Company filed an appeal before the CIRA against the impugned order. CIRA issued appellate order No. 409 dated March 27, 2018 and upheld the impugned order of the DCIR. The Company filed an appeal before the ATIR and ATIR has maintained the stance of CIRA vide order # ITA No.1807/IB/2017 dated February 08, 2021. Currently, company 'has filed reference in Honorable Islamabad High Court against the impugned order issued by the ATIR and the same is pending for the hearing.

24.1.10 The DCIR passed order u/s 205 vide No. 01/72 dated April 30, 2018 for the Tax Year 2015 and created tax demand of Rs. 10.285 million for alleged late filing of Return of Income tax The Company filed appeal before CIRA along with stay application on May 23, 2018. The CIRA has passed an order-in-appeal No. 04/2018 dated July 19, 2018 and upheld the impugned order of the DCIR. The Company filed appeal before the ATIR and ATIR has maintained the stance of CIRA vide order # ITA No.716/IB/2018 dated February 08, 2021. Further the company has filed an appeal before honorable Islamabad high court against the impugned order issued by the ATIR the same is pending for the hearing.

24.1.11 The ACIR has issued order No. 09/51 dated May 27, 2017 and created the tax demand of Rs. 12.417 million u/s 182 of the Income Tax Ordinance, 2001 due to late filing of Income Tax Return for the Tax Year 2016. The delay of 26 days in the filing of annual income tax return has occurred due to back log of audited accounts of the Company. The Company has filed an appeal before the CIRA against the impugned order. The CIRA issued appellate order No. 189/2017 dated November 07, 2017 and endorsed the order of the ACIR. The Company has filed appeal before the ATIR against this order and ATIR has maintained the stance of CIRA vide order # ITA No.1579/IB/2018 dated February 08, 2021. Further the company has filed an appeal before honorable Islamabad high court against the impugned order issued by the ATIR the same is pending for the hearing. Proceedings u/s 177 of the ITO'2001, were finalized by the assessing officer by the officer u/s 122(1) of the ITO'2001. However, the officer has not created any demand and has instead has reduced the tax refund from Rs. 31.346 million to Rs. 4.066 million. The corporation preferred an appeal before the CIRA, which was heard of order on September 01, 2021, however, no order has been issued to date. Further, the department has not initiated any recovery proceedings nor notice u/s 138 has been issued to date.

24.1.12 The income tax return for Tax Year 2016 was selected for tax audit through computerized balloting by FBR due to late filing of Income Tax Return; the ACIR has amended the taxable income for the year to Rs. 11.215 million to be adjusted against carry forward losses u/s 122 (1) of the Income Tax Ordinance 2001 vide DCR No. 06/02 dated June 30, 2021. The Company filed appeal along with application for stay of recovery proceedings before the CIRA which is pending to be was heard on September 01 2021. However, no order is issued by CIRA yet and neither the recovery proceedings were initiated by the department.

24.1.13 The income tax return for Tax Year 2017 was selected for tax audit through computerized balloting by FBR; the ACIR has created a tax liability of Rs. 57.944 million u/s 122 (1) i.e. amendment of assessment, of the Income Tax Ordinance 2001 vide DCR No. 07/02 dated June 30, 2021. The corporation preferred an appeal before the CIRA, which was heard of order on September 01, 2021, however, no order has been issued to date. Further, the department has not initiated any recovery proceedings nor notice u/s 138 has been issued to date.

24.1.14 The ADCIR has issued the notice u/s 122(5A) of the ITO'2001 on March 14, 2022 and amended the assessment by disallowing the allowance on purchases, provisions for gratuity and provision for leave encahsment creating tax demand of Rs.4,191.130 million for Tax Year 2020. Feeling aggrieved the Corporation has filed appeal before CIRA on April 14, 2022 which pending for adjudication.

24.1.15 Order in original No.02/101 of 2015 dated December 31, 2015 was issued by the DCIR and created the tax demand of FED amounting to Rs. 6,305.888 million by treating the Company as a manufacturer of sugar. The Company has filed an appeal and stay application before the CIRA. The CIRA passed an order No. FED-119/2016 dated May 20, 2016 and remanded back the case to the tax department to re-examine the case. The Company filed an appeal before the ATIR against the order of CIRA with a plea to annul the order instead of remand back.

24.1.16 The DCIR passed an order No. 03/101 dated January 29, 2016 and determined sales tax demand of Rs. 303.464 million on non-payment of sales tax on subsidy and FED demand of Rs. 8.566 million, due to non-withholding of FED on advertisement. The Company filed appeal against the order which was rejected by the CIRA and confirmed the demand. The DCIR upon the receipt of orders recovered Rs. 480.845 million (sales tax: Rs. 303.464 million, default surcharge: Rs. 162.208 million and penalty: Rs. 15.173 million) from the Corporation's bank accounts which is appearing as tax refund due from government in the Company's books of accounts. The Company has taken the matter with Chief Commissioner Inland Revenue vide letter No. Fin-II(1)/I. Tax/2015-16 dated May 31, 2016. The Company preferred an appeal before the ATIR, who decided the case in favor of the Company and annulled the order vide ATIR Order No. STA/IB/282/2016 dated March 04, 2022. The company is in the process of filling of application for seeking appeal effect order and refund application of the amount already paid by the Company.

24.1.17 The DCIR passed an order No. 04/2016 dated November 28, 2016 and determined the sales tax demand of Rs. 368.657 million and Rs. 0.176 million in respect of nonpayment of sales tax on subsidy and FED on franchise fee respectively for the period from July 2010 to June 2011. The Company has paid Rs. 368.657 million and Rs. 0.176 million on December 15, 2016 which is appearing as tax refund due from government in the Company's books of accounts. The Company filed appeal before the CIRA vide letter no. IT/1499/2016 dated December 28, 2016 on the plea that the subsidy does not fall within the ambit of supply of goods or taxable activity. The CIRA has passed the order in-appeal No. 491/2016 dated June 30, 2017 and rejected the plea of the Company and confirmed the order of the DCIR. The Company has filed appeal before the ATIR vide letter no. IT/0236/2017 dated August 7, 2017. ATIR decided the case in favor of the Company and annulled the order vide ATIR Order No. STA/IB/351/2017 dated March 04, 2022. The company is in the process of filling of application for seeking appeal effect order and refund application of the amount already paid by the Company.

24.1.18 The DCIR has passed order-in-original No. 06/41 of 2018 dated June 30, 2018 and created the sales tax amounting to Rs. 513.527 million on subsidy received from Government of Pakistan during Tax Year 2016-17. The Company filled appeal along with stay application before CIRA. The CIRA passed order-in-appeal No. 25/2018 dated October 17, 2018 and confirmed the order of DCIR. The Company filed appeal along with stay application before ATIR. As per Finance Act, 2018 amendment, ATIR is now empowered to grant stay up to 180 days only, which was granted up to April 28, 2019. The Company filed writ petition before IHC vide WP No. 1677/2019 dated May 02, 2019. IHC has granted stay against the order of the CIRA. The Company preferred an appeal before the ATIR, who decided the case in favor of the Company and annulled the order vide ATIR Order No. STA/IB/474/2018 dated March 04 , 2022. The company is in the process of filling of application for seeking appeal effect order.

24.1.19 The DCIR passed order-in-original No. 07/50 dated December 31, 2018 and created the sales tax demand of Rs. 61.860 million regarding adjustment of Input Tax for the period from July 2014 to June 2016. The Company filed appeal along with stay application before CIRA. The CIRA rejected the stay. The Company filed stay application before ATIR. The ATIR also rejected the stay. The Company filed writ petition WP No. 524/2019 dated February 11, 2019 before IHC for grant of stay, which IHC has granted against the order of DCIR vide W.P No.524/2019 dated February 11, 2019. The CIRA passed order-in-appeal No. 68/ 2019 dated February 19, 2019 and remand back the case to DCIR. The case is still under remand back proceedings in the office of DCIR. No order is provided by DCIR until the date of this confirmation.

24.1.20 The ACIR passed an order-in-original No. 01/2016 dated October 08, 2016 and determined sales tax demand of Rs. 179.813 million in respect of non-payment of sales tax on subsidy and FED on franchise fee respectively for the period from July 2013 to June 2014. The Company has paid Rs. 179.813 million on October 31, 2016 which is appearing as tax refund due from government in the Company's books of accounts. The Company has filed appeal before the CIRA vide letter No. IT/1010/2016 and IT/1009/2016 dated November 15, 2016. The CIRA passed order-in-appeal No. 478/2016 dated September 08, 2017 and confirmed the impugned order of the ACIR for sales tax of Rs. 179.813 million. The Corporation preferred an appeal before the ATIR, who decided the case in favor of the Company and annulled the order vide ATIR Order No. STA/IB/383/2017 dated March 04, 2022. The corporation is in the process of filling of application for seeking appeal effect order and refund application of the amount already paid by the Company.

24.1.21 The ACIR passed an order-in-original No. 01/2016 dated October 08, 2016 and determined sales tax demand of Rs. 9.682 million in respect of non-payment of FED on franchise fee respectively for the period from July 2013 to June 2014. The Company has paid Rs. 1.452 million (15% of FED) on October 31, 2016 which is appearing as tax refund due from government in the Company's books of accounts. The Company has filed appeal before the CIRA vide letter No. IT/1010/2016 and IT/1009/2016 dated November 15, 2016. The CIRA passed order-in-appeal No. 478/2016 dated September 08, 2017 and confirmed the impugned order of the ACIR for FED amounting to Rs. 9.682 million. The Company preferred an appeal before the ATIR, who decided the case on the point of jurisdiction. The department filed a reference against the order of ATIR in Islamabad High Court, who remanded the case back to ATIR for fresh adjudication and directed to decide the case on merits which is pending.

24.1.22 The DCIR passed an order-in-original No. 08 of 2019-2020 dated January 29, 2020 and determined sales tax demand of Rs. 151.845 million (includes Sales Tax of 144.614 million and Penalty of Rs 7.230 million) in respect of non-payment of sales tax on subsidy for the period from July 2017 to June 2018. The Company has filed appeal along with stay application before CIRA. The CIRA passed an order-in-appeal No.70/2020 dated September 30, 2020 and confirmed the demand of DCIR to the extent of Rs. 64.040 million. The Company filed appeal before the ATIR which is pending to be heard. The ATIR granted the stay up to August 22, 2021 vide Stay Order No. M.A(Stay)STA Ext.No.386/IB/2021. The Company preferred an appeal before the ATIR, who decided the case in favor of the Company and annulled the order vide ATIR Order No. STA/IB/324/2020 dated March 04, 2022. The company is in the process of filling of application for seeking appeal effect order.

24.1.23 The DCIR passed an order-in-original No. 01 of 2020-2021 dated July 29, 2020 and determined sales tax demand of Rs. 2,247.887 million (including Sales Tax of Rs. 2,140.829 million default surcharge of Rs. 107.041 million and penalty of Rs. 0.017 million) in respect of non-payment of sales tax on taxable supplies for the period from July 2016 to June 2017. The Corporation has filed appeal before the Commissioner Inland Revenue (Appeals), which is pending until the date of this confirmation.

24.1.24 The DCIR passed an Order-in-Original No. 01/2017 dated April 24, 2017, whereby the DCIR has created a demand of Rs. 135.77 million (including Sales Tax of Rs. 130.004 million and FED of Rs. 5.772 million) along with penalty and default surcharge, on account of non-payment of sales tax on subsidy and non-payment of FED on franchise services for the period from July 2014 to June 2015. The Company preferred an appeal before the ATIR, who decided the matter on the point of jurisdiction. The Company has deposited principal amount of Sales Tax on subsidy. The Department filed a reference against the order of ATIR in Islamabad High Court, who remanded the case back to ATIR for a fresh adjudication and directed to decide the case on merits, which is pending.

24.1.25 The DCIR passed an Order-in-Original No. 03/50/2018 dated August 31, 2018, whereby the DCIR has created a demand of Rs. 453.43 million along with penalty and default surcharge, on account of non-withholding of sales tax. The Company filed an appeal before Commissioner Inland Revenue (Appeals), who passed an Order-in-Appeal No. 22/2018 dated November 27, 2018 and decided the case against the Company. The Company preferred an appeal before the ATIR, who decided the matter on the point of jurisdiction. The Department filed a reference against the order of ATIR in Islamabad High Court, who remanded the case back to ATIR for afresh adjudication and directed to decide the case on merits, which is pending.

24.1.26 The DCIR passed an Order-in-Original No. 02/41 of 2018 dated January 29, 2019 whereby the DCIR has created a demand of Rs. 154.06 million along with penalty and default surcharge, on account of non-payment of sales tax on subsidy. The Company filed an appeal before Commissioner Inland Revenue (Appeals), who passed an Order-in-Appeal No. 104 dated April 25, 2018 and confirmed the amount of Rs. 154.06m on account of subsidy and decided the case against the Company. The Company preferred an appeal before the ATIR, who decided the case in favor of the Company and annulled the order vide ATIR Order No. STA/IB/255/2018 dated March 04, 2022. The company is in the process of filling of application for seeking appeal effect order.

24.1.27 The DCIR passed an Order-in-Remand No. 08/51 of 2019 dated February 28, 2019 whereby the DCIR has created a demand of Rs. 18,035.231 million along with penalty and default surcharge, on account of inadmissible adjustment of input tax. The Company filed an appeal before Commissioner Inland Revenue (Appeals), who decided the case against the company vide order-in-appeal No. 78/2019 dated April 10, 2019. The Company preferred an appeal before the ATIR, who decided the matter on the point of jurisdiction. The Department filed a reference against the order of ATIR in Islamabad High Court, who remanded the case back to ATIR for afresh adjudication and directed to decide the case on merits, which is pending.

24.1.28 Deputy Commissioner Inland Revenue has issued Order in Original No. 3/081 of 2022 for the period of July 2017 to June 2020 and finalized the proceedings by creating Sales Tax Demand of Rs. 3,521.457 million based on the fact that corporation has not paid Sales tax on amount of subsidy received and charged FED at the rate of 16% instead of Sales tax at the rate of 17% on certain items. DCIR has also calculated the penalty of Rs. 176.072 million for Non payment of above Sales tax amount. Corporation is evaluating the order and intends to file appeal before the CIRA.

The Company is confident that the above mentioned cases will be decided in its favor and therefore, no provision for any liability has been made in these financial statements.

24.2 COMMITMENTS

There were no commitment for capital expenditures as at the reporting date (2020: Nil).

		Note	2021 Rupees	2020 Rupees

25 Revenue from contracts with customers

Disagregation of revenue

S.No	Zone Name	No. of regions	2021 Rupees	2020 Rupees
1	ABBOTTABAD	06	10,819,488,509	5,368,404,963
2	ISLAMABAD	07	18,541,793,665	10,206,348,860
3	KARACHI	07	7,030,719,815	4,035,035,723
4	LAHORE	07	18,666,941,561	9,612,757,586
5	MULTAN	08	13,338,589,329	7,257,306,184
6	PESHAWAR	09	12,875,863,633	7,082,441,018
7	QUETTA	07	3,329,562,391	1,136,176,924
8	FAISALABAD	07	13,856,334,180	7,212,916,288
9	SUKKUR	06	5,081,672,325	2,475,044,878
			103,540,965,408	54,386,432,424
Sales tax			**(11,373,780,105)**	(7,226,071,387)
Net revneue from contracts with customers			**92,167,185,303**	47,160,361,037

26 COST OF SALES

	Note	2021 Rupees	2020 Rupees
Opening stock in trade		**11,206,135,848**	2,718,298,484
Purchases		**104,783,151,279**	54,986,468,005
Subsidy by Government Of Pakistan			
Direct expenses			
Freight and octroi inward		**974,011,175**	283,618,003
Handling charges		**18,855,804**	13,706,208
Packing material and others		**466,907,678**	170,471,097
Depreciation	5.1	**2,184,089**	1,980,461
		1,461,958,746	469,775,769
		117,451,245,873	58,174,542,258
Closing stock in trade	7	**(9,038,501,463)**	(11,206,135,848)
		108,412,744,410	46,968,406,410
(Reversal) / Provision for slow moving items	7.1	**(94,757,361)**	13,808,409
		108,317,987,049	46,982,214,819

27 SELLING AND DISTRIBUTION EXPENSES

	Note	2021 Rupees	2020 Rupees
Salaries and other benefits	27.1	**6,406,302,794**	5,538,256,954
Freight, loading and unloading outward		**551,836,845**	260,354,771
Rent, rate and taxes		**49,241,415**	-
Travelling and conveyance		**95,014,201**	74,610,787
Utilities		**108,213,249**	75,377,663
Vehicle running		**411,467,733**	237,700,020
Insurance		**120,790,564**	74,201,435
Legal and professional		**11,815,534**	6,648,124
Postage, telegram and telephones		**13,215,714**	11,761,792
Printing and stationery		**67,027,476**	40,623,542
Advertisement and sale promotion		**39,860,710**	18,739,662
Repairs and maintenance		**38,603,802**	21,957,010
Depreciation	5.1	**740,188,263**	568,100,965
General expense		**40,949,769**	30,131,849
Security expense		**142,651,642**	85,884,561
		8,837,179,711	7,044,349,135

		Note	2021 Rupees	2020 Rupees
27.1	**Salaries and other benefits**			
	Following amounts are being included in respect of other benefits:			
	Contributory provident fund		**102,851,316**	101,619,405
	Leave encashment		**140,080,906**	-
	Employees' old age benefits		**100,189,627**	97,514,015
	Gratuity		**243,861,618**	305,112,853
	Benevolent fund expenses		**36,572,837**	31,623,899
	Social security		**100,301,347**	101,505,186
			723,857,651	637,375,358

28 ADMINISTRATIVE EXPENSES

	Note	2021 Rupees	2020 Rupees
Salaries and other benefits	28.1	**462,897,818**	408,651,238
Directors meeting fee		**3,850,000**	1,530,000
Rent, rates and taxes		**361,289**	-
Travelling and conveyance		**2,934,821**	3,011,762
Utilities		**6,906,645**	5,706,765
Vehicle running		**9,567,629**	8,627,523
Insurance		**799,781**	820,879
Legal and professional		**10,934,454**	5,334,451
Postage, telegram and telephones		**6,679,648**	6,303,705
Printing and stationery		**3,623,712**	2,386,210
Repairs and maintenance		**4,944,359**	2,658,257
Depreciation	5.1	**6,634,387**	6,116,579
Amortization	6.1	**483,653**	423,864
Auditors' remuneration	28.2	**11,290,000**	19,656,776
Security / safety expense		**3,557,403**	2,460,390
Fee and subscription		**210,860**	41,575
Miscellaneous		**4,250,535**	1,231,733
		539,926,994	474,961,707

		2021 Rupees	2020 Rupees
28.1	**Salaries and other benefits**		
	Following amounts are being included in respect of other benefits:		
	Contributory provident fund	**9,051,992**	9,020,349
	Leave encashment	**15,097,212**	-
	Employees' old age benefits	**4,252,316**	4,085,269
	Gratuity	**25,898,968**	25,388,863
	Benevolent fund expenses	**1,635,838**	1,298,436
	Social security	**3,958,500**	4,014,750
		59,894,826	43,807,667

		Note	2021 Rupees	2020 Rupees
28.2	**Auditors' remuneration**			
	Fee for statutory audit		**9,990,000**	10,648,800
	Fee for subsidy audit - Baker Tilly		**1,300,000**	8,694,776
	Compliance professional fee		-	313,200
	Out of pocket expenses		-	-
			11,290,000	19,656,776

29 IMPAIRMENT LOSSES AND GAINS ON FINANCIAL ASSETS

Doubtful other receivables adjusted during the year		**13,406,885**	12,876,782
Doubtful advances recovered during the year		**181,742**	48,158
Allowance for ECL for other receivables	10	**(5,948,212)**	(149,795,184)
Provision for doubtful advances	9.1	**-**	(36,487)
		7,640,415	(136,906,731)

30 FINANCE COST

Finance cost		**31,942,598**	22,660,932
Interest on lease liabilities	30.1	**519,531,842**	494,225,701
Mark-up charges (running finance)		**-**	120,177,204
		551,474,440	637,063,837

30.1 Interest in lease liabilities include the interest for the year amounting to Rs. 490.198 million and interest on lease liabilities relating to prior period amounting to Rs: 29.333 million.

31 SUBSIDY INCOME

Subsidy Income		**28,067,594,765**	6,160,284,188

32 OTHER INCOME

Subsidy by Government of Pakistan

Profit on bank deposits		**721,050,520**	660,670,038
Income from store incharges		**384,159,864**	375,090,321
Liabilities written back	32.1	**6,440,202**	127,038,514
Rental income		**550,930**	1,411,734
Amortization of deferred capital grant		**13,915,235**	16,531,685
Amortization of IT grant		**2,812,009**	-
Gain on disposal of property, plant and equipment		**260,090**	28,805
Registration fee income		**16,851,779**	12,281,794
Miscellaneous	32.2	**57,833,464**	45,439,109
		1,203,874,093	1,238,492,000

32.1 This represents trade creditors written back during the year against various vendors.

32.2 This includes tender income and non-refundable registration fees received from vendors.

33 TAXATION

	Note	**2021 Rupees**	2020 Rupees
Current tax			
Current year	33.1	**1,383,628,058**	701,426,368
Prior year	12.1	**116,814,928**	560,745
		1,500,442,986	701,987,113
Deferred		**-**	-
		1,500,442,986	701,987,113

33.1 The provision of income tax is based on section 113 of the Income Tax Ordinance, 2001 which specifies minimum tax charge at the rate of 1.5% of the Company's revenues excluding subsidy, as the company has available tax losses. Tax expense reconciliation is not presented as income for the year is only subject to minimum tax on turnover.

	Note	2021 Rupees	2020 Rupees

34 CASH FLOW FROM OPERATIONS

	Note	2021 Rupees	2020 Rupees
Profit/(Loss) before taxation		**3,199,726,382**	(716,359,004)
Adjustment for non-cash charges and other items:			
Depreciation		**749,006,739**	576,198,005
Amortization		**483,653**	423,864
Adjustment against advances to employees		**181,742**	(48,158)
Adjustment against insurance claims		**(1,134,842)**	(10,464,012)
Adjustment against doubtful store - incharges		**(5,190,364)**	(2,180,520)
Adjustment against doubtful miscellaneous receivables		**(1,133,466)**	-
Provision for the year against slow moving items		**(94,757,361)**	13,808,409
Allowance for ECL for other receivables		-	-
Provision for the year against advances		-	36,487
Provision for the year against insurance, store in - charges and miscellaneous receivables		-	149,795,184
(Income) / provision for leave encashment		**155,178,118**	(54,500,787)
Provision for gratuity		**269,760,586**	330,501,716
Gain on disposal of property, plant and equipment		**(260,090)**	(28,805)
Amortization of Government grant		**(13,915,235)**	(16,531,685)
Amortization IT automation for the year		**(2,812,010)**	
Amortization of Government subsidy		**(28,067,594,765)**	(6,160,284,188)
Interest on leases		**519,531,842**	494,225,701
Finance cost		**31,942,598**	142,838,136
		(26,460,712,855)	(4,536,210,653)
		(23,260,986,473)	(5,252,569,657)

	2021 Rupees	2020 Rupees
Changes in:		
Stores	**(3,672,367)**	2,976,141
Stock in trade	**2,167,634,385**	(8,487,837,364)
Loans and advances	**(533,022)**	29,752,367
Short term prepayments	**(9,998,428)**	33,624,605
Other receivables	**(2,209,424,657)**	(1,519,018,573)
Trade and other payables	**4,867,416,301**	377,960,967
	4,811,422,212	(9,562,541,857)
Cash used in operations	**(18,449,564,261)**	(14,815,111,514)

35 CASH AND CASH EQUIVALENTS

	Note	2021 Rupees	2020 Rupees
Cash and bank balances	13	**7,388,677,127**	17,292,169,688

36 TRANSACTIONS WITH RELATED PARTIES

The Company is wholly owned by Government of Pakistan. Therefore, all the entities owned and controlled by the Federal Government are related parties of the Company. Other related parties comprise of directors, key management personnel, entities with common directorships, entities over which the directors are able to exercise influence and the retirement benefit funds of the Company. Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible. The Company in normal course of business pays for utilities i.e. electricity, gas and telephone to entities controlled by Government of Pakistan which are not material, hence not disclosed in these financial statements. Balances with related parties are disclosed in the note 9, 11, 12, 13, 14, 15, 16, 18, 20, 21, 22 and 23 to the financial statements. Transactions of the Company with related parties are as follows:

Transaction with the Companies	**Nature of Transaction**	**2021 Rupees**	2020 Rupees
Government of Pakistan (Parent of the Company)	Funding for procurement of stock	-	10,000,000,000
	Receipt of deferred capital grant	-	2,332,000,000
	Receipt of subsidy	**11,000,000,000**	18,668,000,000
Trading Corporation of Pakistan (Private) Limited (Associated Undertaking)	Purchase of stock in trade	**3,755,654,624**	3,709,239
	Payments made	**3,763,690,946**	2,550,060,816

The remuneration of the Managing Director and directors is disclosed in the Note 37 to these financial statements.

37 REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year in respect of remuneration including benefits applicable to the Managing Director, Directors and Executives of the Company are given below:

	2021				2020			
	Managing Director	**Directors**	**Executives**	**Total**	Managing Director	Directors	Executives	Total
	Rupees							
Salaries, wages and benefits	**9,114,150**	**-**	**32,013,752**	**41,127,902**	8,211,636	-	46,252,020	54,463,656
Directors meeting fee	**400,000**	**3,450,000**	**-**	**3,850,000**	255,000	1,275,000	-	1,530,000
Contribution to provident fund	**-**	**-**	**597,528**	**597,528**	-	-	1,212,096	1,212,096
	9,514,150	**3,450,000**	**32,611,280**	**45,575,430**	8,466,636	1,275,000	47,464,116	57,205,752
Number of persons	**1**	**10**	**9**	**20**	1	8	18	27

The Managing Director and executives are also provided with the Company maintained vehicles.

38 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

38.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Carrying amount				Fair value			
	Amortized cost	Fair value through profit or loss	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
	Rupees							
June 30, 2021								
Financial assets not measured at fair value								
Long term deposit	3,963,453	-	-	3,963,453	-	-	-	-
Trade debts	-	-	-	-	-	-	-	-
Other receivables	21,911,351,723	-	-	21,911,351,723	-	-	-	-
Cash and bank balances	7,388,677,127	-	-	7,388,677,127	-	-	-	-
	29,303,992,303	-	-	29,303,992,303	-	-	-	-
Financial liabilities not measured at fair value								
Government loan	-	-	500,000,000	500,000,000	-	-	-	-
Trade and other payables	-		41,811,885,273	41,811,885,273	-	-	-	-
	-	-	42,311,885,273	42,311,885,273	-	-	-	-
June 30, 2020								
Financial assets not measured at fair value								
Long term deposit	4,042,021	-	-	4,042,021	-	-	-	-
Trade debts - restated	-	-	-	-	-	-	-	-
Other receivables - restated	18,391,309,659	-	-	18,391,309,659	-	-	-	-
Cash and bank balances - restated	17,292,169,688	-	-	17,292,169,688	-	-	-	-
	35,687,521,368	-	-	35,687,521,368	-	-	-	-
Financial liabilities not measured at fair value								
Government loan	-	-	500,000,000	500,000,000	-	-	-	-
Trade and other payables - restated	-		37,098,789,890	37,098,789,890	-	-	-	-
	-	-	37,598,789,890	37,598,789,890	-	-	-	-

39 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Deferred capital grant	Lease liability	Total
Balance at July 01, 2020	**2,423,147,810**	**3,441,891,405**	**5,865,039,215**
Changes from financing cash flows			
Receipt during the year	-	-	-
Payments made during the year		**(757,817,174)**	**(757,817,174)**
Others			
Amortization for the year	**(16,727,245)**	-	**(16,727,245)**
Non cash transaction - Interest for the year		**519,531,842**	**519,531,842**
Transfer to Ministry of Finance receivables		-	-
Balance at June 30, 2021	**2,406,420,565**	**3,203,606,073**	**5,610,026,638**

	Deferred capital grant	Lease liability	Total
Balance at July 01, 2019	107,679,495	-	107,679,495
Changes from financing cash flows			
Receipt during the year	2,332,000,000	-	2,332,000,000
Impact of adoption of IFRS - 16		3,626,013,947	3,626,013,947
Others			
Amortization for the year	(16,531,685)		(16,531,685)
Interest for the year		494,225,701	494,225,701
Payments made during the year		(678,348,243)	(678,348,243)
Balance at June 30, 2020	2,423,147,810	3,441,891,405	5,865,039,215

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

40.1 The Company's objective in managing risks is the creation and protection of shareholders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

40.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. All the financial assets are subject to credit risk. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2021 Rupees	2020 Rupees
Long term deposits	**3,963,453**	4,042,021
Trade debts - restated	**-**	-
Other receivables	**21,911,351,723**	18,209,446,565
Cash and bank balances - restated	**7,388,677,127**	17,474,032,782
	29,303,992,303	35,687,521,368

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

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 abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impairment losses

The aging of trade debts at the reporting date was:

	2021		2020	
	Gross debts	**Impaired**	Gross debts	Impaired
	-----Rupees-----			
Not past due	-	-	-	-
Past due 1 year	-	-	-	-
Past due 1-3 year	-	-	-	-
Over 3 years	**258,052,138**	**258,052,138**	258,052,138	258,052,138

The Company believes that no impairment allowance is necessary in respect of trade debts past due other than the amount provided. Trade debts are essentially due from the various ministries and departments of the Government of Pakistan. The Company is actively pursuing for recovery of debts and the Company does not expect GoP to fail to meet its obligations. Currently the Company is making sales on cash basis only.

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	2021	2020
	Rupees	Rupees
Balance at beginning of the year	**258,052,138**	258,052,138
Allowance for the year	-	-
Balance at end of the year	**258,052,138**	258,052,138

The allowance account in respect of trade debts is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible at that point the amount considered irrecoverable is written off against the financial assets directly.

The movement in the allowance for impairment in respect of loans and advances and other receivables during the year was as follows:

	2021	2020
	Rupees	Rupees
Balance at beginning of the year	**1,814,008,402**	1,683,757,435
Provision made during the year	**5,948,212**	142,943,607
Adjusted during the year	**(13,588,626)**	(12,692,640)
Balance at end of the year	**1,806,367,988**	1,814,008,402

The allowance account in respect of other receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at that point the amount considered irrecoverable is written off against the financial assets directly.

40.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying amount	**Contractual cash flows**	**Maturity up to one year**	**Maturity after one year and up to five years**	**Maturity after five years**
	--------Rupees in thousands--------				
2021					
Government loan	**500,000**	**500,000**	**-**	**500,000**	**-**
Trade and other payables	**45,488,926**	**45,488,926**	**42,641,165**	**2,847,761**	**-**
Government subsidy	**-**	**-**	**-**	**-**	**-**
	45,988,926	**45,988,926**	**42,641,165**	**3,347,761**	**-**

	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year and up to five years	Maturity after five years
	--------Rupees in thousands--------				
2020					
Government loan	500,000	500,000	500,000	-	-
Trade and other payables	40,567,183	40,567,183	37,773,513	2,793,670	-
Government subsidy	13,607,938	13,607,938	-	13,607,938	-
	54,675,121	54,675,121	38,273,513	16,401,608	-

40.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arise in financial instruments that are denominated in foreign currencies i.e. in a currency other than the functional currency in which they are measured.

Presently, the Company is not exposed to foreign currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short borrowings.

Interest rate of the Company's financial assets and financial liabilities as at June 30, 2021 can be evaluated from the schedule given in note 38 to these financial statements.

At the reporting date the Company's markup bearing financial instruments is only the bank balances amounting to Rs. 7,388.617 million (2020: Rs. 17,292.169 million). The effective interest rates for the monetary assets and liabilities are mentioned in respective notes to the financial statements.

The Company is not exposed to interest rate risk except mentioned above which is fixed as per terms of agreement, therefore, no sensitivity analysis has been presented.

(iii) Other 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.

At the year end the Company is not exposed to price risk since there are no financial instruments whose fair value or future cash flows will fluctuate because of changes in market prices.

41 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

42 DEFINED CONTRIBUTION PLAN

The Company has contributory provident fund scheme for benefit of all its permanent employees under the title of "USC Employees Contributory Provident Fund" since July 1973. The Fund is maintained by the Trustees and all decisions regarding investments and distribution of income are made by the Trustees independent of the Company.

The Trustees have intimated that the size of the Fund at year end June 30, 2020 was Rs. 1,999.644 million.

As intimated by the Trustees, the cost of the investment made at the year end was Rs. 1,550.646 million which is equal of 78% of the total fund size. The fair value of the investment was Rs. 1,550.646 million at that date. The category wise break up of investment as per section 218 of the Companies Act, 2017 is given below:

	Amount Rupees in million
Government securities	**1,550,646,500**
Cash at bank	**142,856,142**
Loans to employees	**95,885,635**
Accrued income	**142,535,639**
Receivable from the Company	**67,720,305**
	1,999,644,221

According to the Trustees, investment out of provident fund have been made in accordance with the conditions specified in section 218 of the Companies Act , 2017 and the rules made there under except amount of Rs. 67,720 million which is receivable from the Company.

43 NUMBER OF EMPLOYEES

The number of employees as at year end was 12,433 (2020: 12,554) and average number of employees during the year was 12,498 (2020: 12,699).

44 CORRESPONDING FIGURES

The preparation and presentation of these financial statements for the year ended June 30, 2021 is in accordance with the requirements in Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. The following reclassifications have been done in the prior year financial statements ;

Account balance	Note	From	To	Amount Rupees
Accured interest	10	Cash and bank balances	Other receivables	181,863,094
Allowance for ECL for other receivables	29	Selling & distribution expenses	Impairment losses and gains on financial assets	149,831,671
Doubtful other receivables adjusted during the year	29	Othre income	Allowance for ECL for other receivables	12,924,940

44.1 IMPACT OF COVID-19

On January 30, 2020, the World Health Organization (WHO) declared the outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, the WHO declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, have taken stringent steps to help contain further spread of the virus. While these events and conditions have resulted in general economic uncertainty, management has evaluated the impact of COVID-19 and concluded that there are no material implications of COVID-19 on the operations of the Company that require specific disclosure in the financial statements. Neither were the Company operations significantly adversely effected due to COVID-19 during the year, nor are they expected to be adversely affected in the near future. Further, there has been no significant adverse impact of COVID-19 on the financial position and profitability of the Company, rather the Company has increased its opeations to provide relief to general public in support of Government initiative.

45 GENERAL

45.1 Figures have been rounded off to the nearest rupee.

45.2 Corresponding figures have been re-arranged, where necessary, for the purpose of better presentation and comparison.

46 DATE OF AUTHORIZATION FOR ISSUE

[illegible] JAN 2023

These financial statements are authorized for issue by the Board of Directors on ____________________.

MANAGING DIRECTOR

DIRECTOR