

**NATIONAL CLEANER PRODUCTION
CENTER FOUNDATION**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2022**

NATIONAL CLEANER PRODUCTION CENTER FOUNDATION
(A COMPANY UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	14,054,938	9,833,447
Long term prepayment	7	132,900	265,800
		<u>14,187,838</u>	<u>10,099,247</u>
CURRENT ASSETS			
Trade debts	8	18,203,943	24,415,686
Advances, deposits, prepayments and other receivables	9	2,768,100	1,473,432
Income tax refundable		25,522,418	18,076,854
Short term investment	10	59,996,146	54,089,750
Cash and bank balances	11	70,100,010	56,387,530
		<u>176,590,617</u>	<u>154,443,252</u>
TOTAL ASSETS		<u><u>190,778,455</u></u>	<u><u>164,542,499</u></u>
FUNDS AND LIABILITIES			
Accumulated fund		165,323,678	149,336,497
NON-CURRENT LIABILITIES			
Long term lease liability	12	5,797,695	-
CURRENT LIABILITIES			
Current portion of lease liability	12	3,372,518	2,244,948
Trade and other payables	13	16,284,564	12,961,054
TOTAL FUNDS AND LIABILITIES		<u><u>190,778,455</u></u>	<u><u>164,542,499</u></u>
Contingencies and commitments	14		

The annexed notes 1 to 25 form an integral part of these financial statements.

Signature

Signature
Chief Executive Officer

Signature
Director

Signature
Director

NATIONAL CLEANER PRODUCTION CENTER FOUNDATION
(A COMPANY UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
INCOME			
Gross revenue		95,124,737	67,190,555
Sales tax		(13,012,333)	(9,247,075)
Revenue - net of sales tax	15	82,112,404	57,943,480
EXPENDITURE			
Operating expenses	16	(61,824,494)	(47,252,579)
Administrative and general expenses	17	(9,470,055)	(9,146,770)
		(71,294,549)	(56,399,349)
Operating surplus		10,817,855	1,544,131
Impairment (loss) / reversal on financial assets		(4,952,778)	419,954
Other income	18	10,122,104	6,551,716
Surplus for the year		<u>15,987,181</u>	<u>8,515,801</u>

The annexed notes 1 to 25 form an integral part of these financial statements.

2022


Chief Executive Officer


Director


Director

NATIONAL CLEANER PRODUCTION CENTER FOUNDATION
(A COMPANY UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
Surplus for the year	15,987,181	8,515,801
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>15,987,181</u>	<u>8,515,801</u>

The annexed notes 1 to 25 form an integral part of these financial statements.

Signature

Signature

Chief Executive Officer

Signature

Director

Signature

Director

NATIONAL CLEANER PRODUCTION CENTER FOUNDATION
(A COMPANY UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		15,987,181	8,515,801
Adjustments:			
Depreciation		5,730,607	6,127,511
Interest charges on lease		911,227	516,688
Impairment loss / (reversal) on financial assets		4,952,778	(419,954)
		<u>27,581,793</u>	<u>14,740,046</u>
Working capital changes:			
Decrease in trade debts		1,217,778	6,215,754
(Increase) / Decrease in advances, deposits, prepayments and other receivables		(1,120,581)	292,599
Increase in income tax refundable		(7,445,564)	(3,758,088)
Increase in trade and other payables		3,323,510	2,981,656
		<u>(4,024,857)</u>	<u>5,731,921</u>
Net cash generated from operating activities		<u>23,556,936</u>	<u>20,471,967</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(668,060)	(1,116,915)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rental paid		<u>(3,270,000)</u>	<u>(2,959,380)</u>
Net increase in cash and cash equivalents		19,618,876	16,395,672
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		110,477,280	94,081,608
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	19	<u>130,096,156</u>	<u>110,477,280</u>

The annexed notes 1 to 25 form an integral part of these financial statements.

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Chief Executive Officer

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Director

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Director

NATIONAL CLEANER PRODUCTION CENTER FOUNDATION
(A COMPANY UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Accumulated Fund Rupees
Balance as at July 1, 2020	140,820,696
Total comprehensive income for the year	8,515,801
Balance as at June 30, 2021	<u>149,336,497</u>
Balance as at July 1, 2021	149,336,497
Total comprehensive income for the year	15,987,181
Balance as at June 30, 2022	<u>165,323,678</u>

The annexed notes 1 to 25 form an integral part of these financial statements.

2022


 Chief Executive Officer


 Director


 Director

NATIONAL CLEANER PRODUCTION CENTER FOUNDATION
(A COMPANY UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 LEGAL STATUS AND OPERATIONS

National Cleaner Production Center Foundation (the Company) was incorporated on November 14, 2002 under Section 42 of the then applicable Companies Ordinance, 1984 (repealed by the Companies Act, 2017) as a company limited by guarantee. The registered office of the Company is situated at Morgah, Rawalpindi. The Company is working as a not for profit entity, with the ultimate aim to improve the environmental conditions which in turn contributes to the welfare of community. The objective of the Company is to provide support in respect of cleaner fuels and environment to the ministries dealing petroleum and environmental matters in Pakistan, to establish the use of cleaner production processes in the petroleum refining sector and other industries, to address air emissions, waste water and solid waste management etc.

2 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan 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 or the Accounting standards for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

	Effective date (annual reporting periods beginning on or after)
IAS 1 Presentation of Financial Statements (Amendments)	January 1, 2023
IAS 8 Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12 Income Taxes (Amendments)	January 1, 2023
IAS 16 Property, plant and equipment (Amendments)	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IAS 41 Agriculture (Amendments)	January 1, 2022
IFRS 3 Business combinations (Amendments)	January 1, 2022
IFRS 9 Financial instruments (Amendments)	January 1, 2022
IFRS 16 Leases (Amendments)	January 1, 2022

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.

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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

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 12 Service concession arrangements

3.2 Standards and amendments to approved accounting standards that are effective

There are certain arrangements and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2021. However, these do not have significant impact on the Company's financial reporting.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except that investments are carried at amortised cost using effective interest rate method.

4.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional currency.

4.3 Property, plant and Equipment

a) Cost

These are stated at historical cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Capital work-in-progress, are stated at cost.

b) Depreciation

Depreciation is charged to the statement of income and expenditure using the straight-line method to allocate their cost less residual values over their estimated useful lives at the rates specified in note 6. Depreciation on additions is charged from the month of purchase, while no depreciation is charged in the month of derecognition/disposal.

c) Repairs and maintenance

Maintenance and normal repairs, including minor alterations, are charged to statement of income and expenditure as and when incurred. Renewals and improvements are capitalised and the assets so replaced, if any, are retired.

d) Gains and losses on disposals

Gain or loss on disposal of operating assets is included in other income in statement of income and expenditure.



4.4 Trade debts

These are recognized and carried at the original invoice amounts, being the fair value, less an allowance for uncollectible amounts, if any. The Company applies simplified approach allowed under IFRS 9 to measure the lifetime expected credit loss (ECL) for trade debts.

4.5 Taxation

The Company holds status of a not for profit organization under the Income Tax Ordinance, 2001 (the Ordinance), thus it claims exemption from income tax in accordance with the related provisions of the Ordinance. Further, no provision for taxation has been made in the financial statements since the Company does not have any income chargeable to income tax.

4.6 Provisions

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

4.7 Trade and other payables

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

4.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation or 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 by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its 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. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each statement of financial position date. Reversals of the impairment losses are restricted to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss or reversal of impairment loss is recognised in the statement of income and expenditure.

4.9 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence 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.

The management exercises judgement in measuring and recognizing the exposures to contingent liabilities related to pending litigations or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement.

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4.10 Revenue recognition

- (i) Revenue from services is recognised as and when the services are rendered to the extent it is probable that the economic benefits from the transactions will flow to the Company and the revenue can be reliably measured. Revenue is recognised at the fair value of the consideration received or receivables, net of discount and sales related indirect taxes.
- (ii) Income from bank deposits is recognized using effective yield method.

No element of financing is deemed present as the sales are made with a credit term of 10 days.

4.11 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and highly liquid short term investments.

4.12 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of income or expenditure.

(i) Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- a) Amortized cost where the effective interest rate method will apply;
- b) Fair value through profit or loss;
- c) Fair value through other comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of income or expenditure or other comprehensive income (OCI). For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

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Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of Income and Expenditure.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in income or expenditure and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of income or expenditure.

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

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in income or expenditure. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of income or expenditure and recognised in other income / charges. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / charges and impairment expenses are presented as separate line item in the statement of income or expenditure.

c) Fair value through profit and loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of income or expenditure and presented net within other operating gains / (losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to income or expenditure following the derecognition of the investment. Dividends from such investments continue to be recognised in income or expenditure as other income when the Company's right to receive payments is established.

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De-recognition of financial assets

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL Model:

- Trade debts
- Advances, deposits, prepayments and other receivables
- Short term Investments
- Cash and bank balances

(a) Simplified approach for trade debts

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts are separately assessed for ECL measurement. The lifetime expected credit losses are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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(b) General approach for short term investment, deposits and other receivables and cash and bank balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

Significant increase in credit risk

The Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees;
- significant financial difficulty of the borrower;
- a breach of contract, such as a default or past due event;
- the company for economic or contractual reasons relating to the borrower's financial difficulty, have granted to the borrower a concession(s) that the Company would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties; if applicable.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

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Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a debt is more than 730 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off

The Company write off financial assets, in whole or part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's source of income or assets to

Recognition of loss allowance

The Company recognizes an impairment gain or loss in the statement of income or expenditure for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(ii) Financial liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities, also include directly attributable transaction cost. The subsequent measurement of financial liabilities depends on their classification, as follows:

a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

b) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the statement of income or expenditure, when the liabilities are derecognized as well as through effective interest rate amortization process.

De-recognition of financial liabilities

The Company derecognises financial liabilities when and only when the Company's obligations are discharged, cancelled or they expire.

(iii) Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

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4.13 Lease liability and right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in income and expenditure if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company assess the lease term as the non-cancelable lease term in line with the lease contract together with the period for which the Company has extension options which the Company is reasonably certain to exercise and the periods for which the Company has termination options for which the Company is not reasonably certain to exercise those termination options. The reasonably certain period used to determine the lease term is based on facts and circumstances related to the underlying leased asset and lease contracts and after consideration of business plan of the Company which incorporates economic, potential demand of customers and economic changes.

The Company has opted not to recognize right of use assets for short-term leases i.e. leases with a term of twelve (12) months or less and low value leases. The payments associated with such leases are recognized in statement of income and expenditure when incurred.

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5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting and reporting standards requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- i) Impairment of financial assets - note 4.12
- ii) Estimated Useful life of property, plant and equipment - note 6
- iii) Right of use asset and lease liability - note 6.2 and note 12
- iv) Contingencies and commitments - note 14

6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

Owned assets note - 6.1

Right of use asset (ROU) note - 6.2

2022

2022
Rupees

2021
Rupees

4,884,725

7,461,216

9,170,213

2,372,231

14,054,938

9,833,447

6.1 OWNED ASSETS

	Plant	Lab equipment	Furniture and fixture	Office equipment	Computers	Vehicles	Total
As at July 1, 2020							
Cost	8,654,315	16,928,101	1,340,232	2,590,717	2,624,659	4,289,163	36,427,187
Accumulated depreciation	(6,495,127)	(13,077,823)	(721,342)	(1,604,067)	(1,886,086)	(2,543,182)	(26,327,607)
Closing Net book value	2,159,188	3,850,278	618,890	986,650	738,593	1,745,981	10,099,580
Year ended June 30, 2021							
Opening net book value	2,159,188	3,850,278	618,890	986,650	738,593	1,745,981	10,099,580
Additions	898,250	99,000	77,665	-	42,000	-	1,116,915
Depreciation	(651,085)	(1,500,033)	(102,603)	(352,206)	(291,519)	(857,833)	(3,755,279)
Closing net book value	2,406,353	2,449,245	593,952	634,444	489,074	888,148	7,461,216
As at July 1, 2021							
Cost	9,552,565	17,027,101	1,417,897	2,590,717	2,666,659	4,289,163	37,544,102
Accumulated depreciation	(7,146,212)	(14,577,856)	(823,945)	(1,956,273)	(2,177,585)	(3,401,015)	(30,082,886)
Closing Net book value	2,406,353	2,449,245	593,952	634,444	489,074	888,148	7,461,216
Year ended June 30, 2022							
Opening net book value	2,406,353	2,449,245	593,952	634,444	489,074	888,148	7,461,216
Additions	-	559,560	-	-	108,500	-	668,060
Depreciation	(733,425)	(1,078,145)	(91,857)	(267,982)	(215,311)	(857,831)	(3,244,551)
Closing net book value	1,672,928	1,930,660	502,095	366,462	382,263	30,317	4,884,725
As at June 30, 2022							
Cost	9,552,565	17,586,661	1,417,897	2,590,717	2,775,159	4,289,163	38,212,162
Accumulated depreciation	(7,879,637)	(15,656,001)	(915,802)	(2,224,255)	(2,392,896)	(4,258,846)	(33,327,437)
Closing Net book value	1,672,928	1,930,660	502,095	366,462	382,263	30,317	4,884,725
Annual rate of depreciation (%)	10% to 20%	10% to 20%	10%	10% to 20%	20%	20%	

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		2022 Rupees	2021 Rupees
6.2	RIGHT OF USE ASSET - Building		
	Balance at the beginning of the year	2,372,231	4,744,463
	Additions - note 6.3	9,284,038	-
	Depreciation for the year	(2,486,056)	(2,372,232)
	Balance at end of the year	<u>9,170,213</u>	<u>2,372,231</u>
6.3	This represents right of use in respect of the office building leased for a period of three years.		
		2022 Rupees	2021 Rupees
6.4	The depreciation relating to owned assets and right of use assets for the year has been allocated as follows:		
	Operating expenses:		
	Owned assets	3,244,551	3,755,279
	Right of use asset	2,307,211	2,201,574
		<u>5,551,762</u>	<u>5,956,853</u>
	Administrative and general expenses:		
	Owned assets	-	-
	Right of use asset	178,845	170,658
		<u>178,845</u>	<u>170,658</u>
7	LONG TERM PREPAYMENT		
	Pakistan Centre for Philanthropy (PCP) certification fee	265,800	398,700
	Current portion shown under current assets - note 9	(132,900)	(132,900)
		<u>132,900</u>	<u>265,800</u>
8	TRADE DEBTS		
	Due from Attock Group of Companies - considered good		
	- Associated companies		
	Attock Hospital (Private) Limited	55,798	44,358
	Attock Petroleum Limited	2,229,056	1,580,138
		<u>2,284,854</u>	<u>1,624,496</u>
	- Others		
	Pakistan Oilfields Limited	45,076	28,279
	Other debtors	23,686,967	25,581,900
		<u>26,016,897</u>	<u>27,234,675</u>
	Loss allowance - 8.1	(7,812,954)	(2,818,989)
		<u>18,203,943</u>	<u>24,415,686</u>
8.1	Movement in loss allowance		
	Opening balance	2,818,989	3,210,169
	Loss allowance for the year	4,993,965	(391,180)
	Balance at the end of the year	<u>7,812,954</u>	<u>2,818,989</u>

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- 8.2 The age analysis of trade debts receivable from related parties which were past due but not impaired are as follows:

	2022 Rupees	2021 Rupees
0 to 6 months	2,284,854	1,624,496
	<u>2,284,854</u>	<u>1,624,496</u>

- 8.3 The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 4,731,708 (2021: Rs. 1,624,496).

	2022 Rupees	2021 Rupees
9 ADVANCES, DEPOSITS AND PREPAYMENTS - unsecured		
Bid bonds	1,693,943	1,439,428
Advances to employees	386,000	216,000
Prepaid PCP certification fee - current portion	132,900	132,900
Prepaid insurance premium	91,161	90,783
Interest accrued	971,833	143,243
	<u>3,275,837</u>	<u>2,022,354</u>
Loss allowance on bid bonds - note 9.1	(507,737)	(548,922)
	<u>2,768,100</u>	<u>1,473,432</u>

- 9.1 Movement of loss allowance for bid bonds

Balance at the beginning of the year	548,922	577,696
(Reversal) / loss allowance for the year	<u>(41,187)</u>	<u>(28,774)</u>
Balance at the end of the year	<u>507,735</u>	<u>548,922</u>

10 SHORT TERM INVESTMENT

This represents a T- bill with maturity of less than three months and carrying mark-up at a rate of 14.45% (2021: 7.31%) per annum.

	2022 Rupees	2021 Rupees
11 CASH AND BANK BALANCES		
Cash in hand	20,000	20,000
Balance with banks:		
Saving accounts - note 11.1	70,080,010	56,367,530
	<u>70,100,010</u>	<u>56,387,530</u>

- 11.1 Interest / mark-up earned on balances in saving accounts ranged between 6.00% to 10.50% (2021: 4.50% to 5.50%) per annum.

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	2022 Rupees	2021 Rupees
12 LONG TERM LEASE LIABILITY		
Balance at the beginning of the year	2,244,948	4,687,640
Additions	9,284,038	-
Lease finance charges	911,227	516,688
Lease rentals paid	(3,270,000)	(2,959,380)
Balance at end of the year	9,170,213	2,244,948
Less: current portion of long term lease liabilities	(3,372,518)	(2,244,948)
	<u>5,797,695</u>	<u>-</u>
13 TRADE AND OTHER PAYABLES		
Tax withheld	1,046,217	2,327,000
Attock Refinery Limited, an associated company - unsecured	923,701	2,650,824
Security deposits	7,630,874	-
Accrued liabilities and provisions	5,109,563	3,996,363
Other payables	1,574,209	3,986,867
	<u>16,284,564</u>	<u>12,961,054</u>
14 CONTINGENCIES AND COMMITMENTS		
Contingencies:		
Guarantees issued by banks on behalf of the Company	<u>933,784</u>	<u>1,115,784</u>
Commitments:		
There were no known material commitments as at June 30, 2022.		
15 REVENUE - NET OF SALES TAX		
Environmental services	8,937,336	5,618,842
Waste management services	43,340,473	38,870,551
Analytical services	24,193,709	8,624,287
Environment lab services	5,640,886	4,829,800
	<u>82,112,404</u>	<u>57,943,480</u>
16 OPERATING EXPENSES		
Salaries, wages and other benefits	18,762,894	13,535,369
Cost of material and supplies	154,340	513,613
Labour charges	2,959,078	3,246,346
Depreciation - note 6.4	5,551,763	5,956,853
Laboratory charges	16,074,420	6,331,171
Travelling and conveyance	5,473,133	4,241,941
Rent charges	110,000	110,000
Community expenses - note 16.2	6,014,390	6,101,886
Exhibitional, promotional and training expenses	1,191,859	1,274,643
Car rental & Fuel	698,418	719,487
Utilities	1,300,966	1,190,707
Printing & Stationery	455,279	360,867
Repair & maintenance	2,169,688	1,905,026
Insurance	207,013	184,834
Others	701,253	1,579,836
	<u>61,824,494</u>	<u>47,252,579</u>

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	2022 Rupees	2021 Rupees
16.1 Breakup of operating expenses relating to nature of services provided		
Environmental services	4,883,527	4,752,495
Waste Management services	24,643,196	22,781,429
Analytical services	19,091,859	7,757,643
Environment lab services	5,999,663	4,584,483
Community expenses - note 16.2	6,014,390	6,101,886
Exhibition, promotional and training expenses	1,191,859	1,274,643
	<u>61,824,494</u>	<u>47,252,579</u>
16.2 Breakup and nature of the community expenses is as follows:		
Give away in kinds - note 16.2.1	1,147,340	3,364,506
Call for pilot projects - note 16.2.2	1,711,550	892,000
Tree plantation - note 16.2.3	1,598,840	1,415,335
Internees training - note 16.2.4	481,116	301,790
Event management - note 16.2.5	1,035,318	-
Others	40,226	128,255
	<u>6,014,390</u>	<u>6,101,886</u>
16.2.1 Give aways in kind include electric water pumps, fiber waste bins for welfare and other activities undertaken by the Company that entail the drinking water facility, waste management, eradication of plastic bags and awareness campaigns etc.		
16.2.2 Call for pilot projects is a research-oriented initiative taken by the Company to bridge academia with industrial world for environmental rectification. In this respect, funds are given by the Company for selected environmental / waste management research projects, of various universities.		
16.2.3 Tree plantation is normally done twice a year with more than 15,000 trees planted each year with the involvement of different government and non government organizations, community, academia and other civil societies.		
16.2.4 This represent expenses incurred in respect of internship and training provided to the students and fresh graduates for their capacity building. Internship experience covers field activities i.e. surveys, risk assessment, environmental studies, biodiversity conservation, environmental monitoring, environmental awareness campaigns in different segments of society.		
16.2.5 This represent expenses incurred in respect of the National Environment Mela organized by the Company for the environmental awareness of different segments of the society.		

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	2022 Rupees	2021 Rupees
17 ADMINISTRATIVE AND GENERAL EXPENSES		
Salaries, wages and other benefits	6,512,975	5,630,247
Car rental and fuel	86,359	79,758
Depreciation - note 6.4	178,844	170,658
Printing and stationery	138,574	188,267
Auditor's remuneration - note 17.1	711,000	751,300
Entertainment	350,393	314,905
Consultancy and legal charges	561,473	467,396
Trade debts and other receivables written off	-	1,007,674
Interest charges on lease	911,227	516,688
Bank charges	19,210	19,877
	<u>9,470,055</u>	<u>9,146,770</u>
17.1 Auditor's remuneration		
Annual audit	561,000	510,000
Tax and other services	150,000	241,300
	<u>711,000</u>	<u>751,300</u>
18 OTHER INCOME		
Income from financial assets		
Saving accounts	4,683,859	2,881,919
T-Bills	5,438,245	3,669,797
	<u>10,122,104</u>	<u>6,551,716</u>
19 CASH AND CASH EQUIVALENTS		
Short term investment	59,996,146	54,089,750
Cash and bank balances	70,100,010	56,387,530
	<u>130,096,156</u>	<u>110,477,280</u>
20 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES		
Chief Executive Officer and all the Directors work voluntarily for the Company. Details of remuneration of executive of the Company is as follows:		
	2022 Rupees	2021 Rupees
Managerial remuneration	5,931,704	3,033,145
Company Contribution to provident, pension and gratuity funds	1,081,640	958,769
Bonus	60,000	-
Housing, utilities & others	3,105,942	3,734,043
Leave passage	406,804	503,436
	<u>10,586,090</u>	<u>8,229,393</u>
Number of person(s)	<u>1</u>	<u>1</u>

In addition the executive was provided with limited use of the Company maintained car and medical facility.

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		2022 Rupees	2021 Rupees
21	FINANCIAL INSTRUMENTS AND RISK MANAGEMENT		
21.1	Financial assets and liabilities		
	Financial assets at amortised cost		
	Maturity upto one year		
	Trade debts	18,203,943	24,415,686
	Deposits and other receivables	2,665,776	1,582,671
	Short term investment	59,996,146	54,089,750
	Cash and Bank Balances	70,100,010	56,387,530
		<u>150,965,875</u>	<u>136,475,637</u>
	Financial liabilities at amortised cost		
	Other financial liabilities		
	Maturity upto one year		
	Trade and other payables	15,238,347	10,634,054
	Lease liability	3,372,518	2,244,948
	Maturity after one year		
	Lease liability	5,797,695	-
		<u>24,408,560</u>	<u>12,879,002</u>

21.2 Credit quality of financial assets

The credit quality of Company's financial assets has been assessed below by reference to external credit ratings of counter parties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR-VIS). The counterparties for whom external credit ratings were not available have been assessed based on their historical information for any defaults in meeting obligations.

	Rating Agency	Rating Short term	2022 Rupees	2021 Rupees
Trade debts and other receivables				
Counter parties without external credit rating				
Due from associated companies			2,284,854	1,624,496
Others			18,584,865	24,373,861
			<u>20,869,719</u>	<u>25,998,357</u>
Bank balances and short term investment				
Counter parties with external credit rating				
The Bank of Punjab	PACRA	A 1+	33,648,128	31,551,125
Habib Bank limited	JCR-VIS	A 1+	96,428,028	78,906,155
			<u>130,076,156</u>	<u>110,457,280</u>

21.3 FINANCIAL RISK MANAGEMENT

21.3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

a) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's credit risk is primarily attributable to its trade debts, other receivables and placements with banks. Services are rendered essentially to group companies and other reputable customers. The credit risk on liquid funds is limited because counter parties are banks with reasonably high credit ratings.

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The aging analysis of gross trade debts which are past due as follows:

	2022 Rupees	2021 Rupees
0 to 6 months	11,476,189	9,692,468
6 to 12 months	2,287,613	2,988,398
1 year to 2 years	1,579,531	5,783,751
above 2 years	10,673,564	8,770,058
	<u>26,016,897</u>	<u>27,234,675</u>

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet 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 stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the maturity date. The amounts disclosed in the table are undiscounted cash flows.

	Carrying amount Rupees	Contractual cash flows Rupees	Less than 1 year Rupees	Above 1 year Rupees
At June 30, 2022				
Trade and other payables	15,238,347	15,238,347	15,238,347	-
Lease liability	9,170,213	9,170,213	3,372,518	5,797,695
At June 30, 2021				
Trade and other payables	10,634,054	10,634,054	10,634,054	-
Lease liability	2,244,948	2,244,948	2,244,948	-

It is not expected that the cash flows included in the maturity analysis above could occur significantly earlier or at significantly different amounts.

c) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is not exposed to currency risk.

ii) Interest rate risk

Interest rate risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates. Financial assets include Rs 130,076,156 (2021: Rs 110,457,280), which are subject to interest rate risk. Applicable interest rates for financial assets have been indicated in respective notes.

iii) Sensitivity analysis

At June 30, 2022 if the interest rates had been 1% higher/lower with all other variables held constant, surplus for the year would have been Rs 1,300,761 higher / lower (2021 : Rs 1,104,573 higher / lower), mainly as a result of higher/lower interest income from these financial assets.

iv) Price risk

Price risk represents 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.

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21.3.2 Capital risk management

The Company is not subject to externally imposed capital requirement.

21.3.3 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities approximate their fair values.

22 RELATED PARTY TRANSACTIONS

The related parties comprise of directors, key management personnel and entities over which the directors are able to exercise influence on financial and operating policy decisions. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive Officer and directors is disclosed in note 20 to the financial statements.

The following transactions were carried out during the year with related parties:

	Basis of association	Aggregate % of Shareholding	2022 Rupees	2021 Rupees
Attock Refinery Limited	Common Directorship	Nil		
Sale of services by the Company			4,143,804	3,949,915
Purchase of goods and services by the Company			31,799,830	19,219,365
Rent paid by the Company - Note 22.1			4,164,777	3,868,625
Attock Hospital (Private) Limited	Common Directorship	Nil		
Sale of services by the Company			457,973	526,865
Purchase of services by the Company			80,281	117,215
Attock Petroleum Limited	Common Directorship	Nil		
Sale of services by the Company			25,322,423	9,522,179

- 22.1 Rent paid by the company mainly pertains to Right of use asset, acquired from Attock Refinery Limited, an associated company.

23 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Trade payables presented in the statement of financial position include aggregate payable balance of Rs. 2,917,921 (June 30, 2021: Rs. 2,650,824) set off against aggregate receivable balance of Rs. 735,198 (June 30, 2021: Rs. 104,400) due from / to same party.

24 GENERAL

24.1 No. of employees

Total number of employees at the end of the year	11	11
Average number of employees for the year	11	12

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	Kilograms	Kilograms
24.2 Capacity of industrial unit - incineration plant		
Annual Capacity	2,160,000	2,160,000
Actual utilization	756,339	1,162,004
Shortfall	1,403,661	997,996

Waste management services include revenue from incineration plant. The decrease in plant utilization is primarily attributable to the fact that enough waste was not received during the year for incineration purposes from clients, however an increase in revenue for waste management services is observed due to increase in rate per KG of incineration and an increase in revenue from bioremediation services.

24.3 Impact of COVID-19

The spread of Covid - 19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) caused an overall economic slow down and disruption to various businesses. However, as a result of steps taken by the Authorities including efforts to get vaccination of larger segment of population, the businesses are resuming. Accordingly, as of the date of financial statements, the management of the Company has not observed any particular material adverse impact to the Company's business, financial conditions and result of operations. Management will continue to monitor the potential impact, and if necessary, will take all steps possible to mitigate any effects.

24.4 Figures have been rounded off to the nearest rupee unless otherwise stated.

25 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue by the Board of directors of the Company on

11 OCT 2022
Sattar


Chief Executive Officer


Director


Director