NATIONAL CLEANER PRODUCTION CENTER FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NATIONAL CLEANER PRODUCTION CENTER FOUNDATION
(A COMPANY UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	13,247,048	14,054,938
Long term prepayment	7	-	132,900
		13,247,048	14,187,838
CURRENT ASSETS			
Trade debts	8	15,636,696	18,203,943
Advances, deposits, prepayments and other receivables	9	1,624,797	2,768,100
Income tax refundable		35,013,831	25,522,418
Short term investment	10	69,999,536	59,996,146
Cash and bank balances	11	79,215,498	70,100,010
		201,490,358	176,590,617
TOTAL ASSETS		214,737,406	190,778,455
FUNDS AND LIABILITIES			
Accumulated fund		185,977,751	165,323,678
NON-CURRENT LIABILITIES			
Long term lease liability	12	2,841,501	5,797,695
CURRENT LIABILITIES			
Current portion of lease liability	12	2,956,194	3,372,518
Trade and other payables	13	22,961,960	16,284,564
TOTAL FUNDS AND LIABILITIES		214,737,406	190,778,455
Contingencies and commitments	14		

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

Chief Executive Officer

Director

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, 2023

	Note	2023 Rupees	2022 Rupees
INCOME			
Gross revenue		101,311,437	95,124,737
Sales tax		(13,961,137)	(13,012,333)
Revenue - net of sales tax	15	87,350,300	82,112,404
EXPENDITURE			
Operating expenses	16	(76,008,875)	(61,824,494)
Administrative and general expenses	17	(12,146,365)	(9,470,055)
		(88,155,240)	(71,294,549)
Operating surplus		(804,940)	10,817,855
Impairment loss on financial assets		(1,143,003)	(4,952,778)
Other income	18	22,602,016	10,122,104
Surplus for the year		20,654,073	15,987,181

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

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, 2023

	2023 Rupees	2022 Rupees
Surplus for the year	20,654,073	15,987,181
Other comprehensive income for the year	-	-
Total comprehensive income for the year	20,654,073	15,987,181

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

Chief Executive Officer

Director

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, 2023

	Accumulated Fund Rupees
Balance as at July 1, 2021	149,336,497
Total comprehensive income for the year	15,987,181
Balance as at June 30, 2022	165,323,678
Balance as at July 1, 2022	165,323,678
Total comprehensive income for the year	20,654,073
Balance as at June 30, 2023	185,977,751

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

Chief Executive Officer

Director

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, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITES			
Surplus for the year		20,654,073	15,987,181
Adjustments:			
Depreciation		4,929,614	5,730,607
Interest charges on lease		208,102	911,227
Impairment loss on financial assets		1,143,003	4,952,778
		26,934,792	27,581,793
Working capital changes:			
Decrease in trade debts		1,647,352	1,217,778
(Increase) / Decrease in advances, deposits, prepayments and other receivables		1,053,095	(1,120,581)
Increase in income tax refundable		(9,491,413)	(7,445,564)
Increase in trade and other payables		6,677,396	3,323,510
		(113,570)	(4,024,857)
Net cash generated from operating activities		26,821,222	23,556,936
CASH FLOWS FROM INVESTING ACTIVITES			
Additions to property, plant and equipment		(4,121,724)	(668,060)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rental paid		(3,580,620)	(3,270,000)
Net increase in cash and cash equivalents		19,118,878	19,618,876
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		130,673,852	111,054,976
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	19	149,792,730	130,673,852

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

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, 2023

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 enviromental 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;

- 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	Accounting Policies, Changing in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IFRS 4	Insurance contracts (Amendments)	January 1, 2023
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2023
IFRS 7	Financial Instruments	January 1, 2023
IFRS 16	Leases (Amendments)	January 1, 2024

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

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, 2022. 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 Advances, deposits, prepayments and other receivables

These are recognized at cost, which is the fair value of the consideration to be received in future. An assessment is made at each reporting date to determine, whether there is an indication that a financial asset, or a group of financial assets, may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying value.

4.6 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.

4.7 Provisions

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

4.8 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.

4.9 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.

4.10 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.

4.11 Revenue recognition

(i) Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the services are provided, and thereby the performance obligations are satisfied. Revenue is recognized at a point in time, when the control has been transferred to the customers.

(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.

4.12 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.

4.13 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.

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.

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.

(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;
- 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).

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

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 liablities 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 liabilites 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.

4.14 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.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in confirmity 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 4.13

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

v) Provisions - note 4.7

	2023 Rupees	2022 Rupees
6 PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment		
Owned assets note - 6.1	7,133,573	4,884,725
Right of use asset (ROU) note - 6.2	6,113,475	9,170,213
	13,247,048	14,054,938

6.1 OWNED ASSETS

	Plant	Lab equipment	Furniture and fixture	Office equipment	Computers	Vehicles	Total
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 July 01, 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
Year ended June 30, 2023							
Opening net book value	1,672,928	1,930,660	502,095	366,462	382,263	30,317	4,884,725
Additions	-	1,065,831	-	-	93,998	2,961,895	4,121,724
Depreciation	(411,839)	(821,824)	(91,857)	(81,434)	(195,763)	(270,159)	(1,872,876)
Closing net book value	1,261,089	2,174,667	410,238	285,028	280,498	2,722,053	7,133,573
As at June 30, 2023							
Cost	9,552,565	18,652,492	1,417,897	2,590,717	2,869,157	7,251,058	42,333,886
Accumulated depreciation	(8,291,476)	(16,477,825)	(1,007,659)	(2,305,689)	(2,588,659)	(4,529,005)	(35,200,313)
Closing Net book value	1,261,089	2,174,667	410,238	285,028	280,498	2,722,053	7,133,573
Depreciation rate per annum %	10% - 20%	10% - 20%	10%	10% - 20%	20%	20%	

		2023 Rupees	2022 Rupees
6.2	**RIGHT OF USE ASSET - Building**		
	Balance at the beginning of the year	9,170,213	2,372,231
	Additions	-	9,284,038
	Depreciation for the year	(3,056,738)	(2,486,056)
	Balance at end of the year	6,113,475	9,170,213

6.3 This represents right of use in respect of the office building leased for a period of three years.

		2023 Rupees	2022 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	1,872,877	3,244,551
	Right of use asset	2,870,000	2,307,211
		4,742,877	5,551,762
	Administrative and general expenses:		
	Right of use asset	186,737	178,845
		186,737	178,845

7	**LONG TERM PREPAYMENT**		
	Pakistan Centre for Philanthropy (PCP) certification fee	132,900	265,800
	Current portion shown under current assets - note 9	(132,900)	(132,900)
		-	132,900

		2023 Rupees	2022 Rupees
8	**TRADE DEBTS**		
	Due from Attock Group of Companies - considered good		
	- Associated companies		
	Attock Gen Limited	329,927	-
	Attock Hospital (Private) Limited	41,617	55,798
	Attock Petroleum Limited	2,445,860	2,229,056
		2,817,404	2,284,854
	- Others		
	Pakistan Oilfields Limited	37,664	45,076
		2,855,068	2,329,930
	Considered good	12,781,628	15,874,013
	Considered doubtful	8,732,849	7,812,954
	Other debtors	21,514,477	23,686,967
		24,369,545	26,016,897
	Loss allowance - 8.1	(8,732,849)	(7,812,954)
		15,636,696	18,203,943

		2023 Rupees	2022 Rupees
8.1	Movement in loss allowance		
	Opening balance	7,812,954	2,818,989
	Loss allowance for the year	919,895	4,993,965
	Balance at the end of the year	8,732,849	7,812,954

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

	2023 Rupees	2022 Rupees
0 to 6 months	2,817,404	2,284,854
	2,817,404	2,284,854

8.3 The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 6,643,049 (2022: Rs. 4,731,708).

		2023 Rupees	2022 Rupees
9	**ADVANCES, DEPOSITS AND PREPAYMENTS - unsecured**		
	Bid bonds	1,640,018	1,693,943
	Advances to employees - note 9.1	180,000	386,000
	Prepaid PCP certification fee - current portion	132,900	132,900
	Prepaid insurance premium	66,417	91,161
	Interest accrued	336,305	971,833
		2,355,640	3,275,837
	Loss allowance on bid bonds - note 9.2	(730,843)	(507,737)
		1,624,797	2,768,100

9.1 This represents advances to employees in relation for meeting official expenses in the ordinary course of business.

		2023 Rupees	2022 Rupees
9.2	Movement of loss allowance for bid bonds		
	Balance at the beginning of the year	507,735	548,922
	(Reversal) / loss allowance for the year	223,108	(41,187)
	Balance at the end of the year	730,843	507,735

10 SHORT TERM INVESMENT

This represents a T- bill with maturity of less than three months and carrying mark-up at a rate of 21.92% (2022: 14.45%) per annum.

11 CASH AND BANK BALANCES

	2023 Rupees	2022 Rupees
Cash in hand	40,000	20,000
Balance with banks:		
Saving accounts - note 11.1	79,175,498	70,080,010
	79,215,498	70,100,010

11.1 Interest / mark-up earned on balances in saving accounts ranged between 12.25% to 19.50% (2022: 6.00% to 10.50%) per annum.

12 LONG TERM LEASE LIABILITY

	2023 Rupees	2022 Rupees
Balance at the beginning of the year	9,170,213	2,244,948
Additions	-	9,284,038
Lease finance charges - note 17	208,102	911,227
Lease rentals paid	(3,580,620)	(3,270,000)
Balance at end of the year	5,797,695	9,170,213
Less: current portion of long term lease liabilities	(2,956,194)	(3,372,518)
	2,841,501	5,797,695

12.1 For contractual maturity of remaining lease commitments refer note 21.3.

13 TRADE AND OTHER PAYABLES

	2023	2022
Tax withheld	1,935,236	1,046,217
Attock Refinery Limited, an associated company - unsecured	3,725,110	923,701
Security deposits	10,216,346	7,630,874
Accrued liabilities and provisions	4,215,140	5,109,563
Other payables	2,870,128	1,574,209
	22,961,960	16,284,564

14 CONTINGENCIES AND COMMITMENTS

Contingencies:		
Guarantees issued by banks on behalf of the Company	933,784	933,784

Commitments:

There were no known material commitments as at June 30, 2023.

		2023 Rupees	2022 Rupees
15	**REVENUE - NET OF SALES TAX**		
	Environmental services	5,278,412	8,937,336
	Waste management services	44,888,733	43,340,473
	Analytical services	26,425,627	24,193,709
	Environment lab services	10,757,528	5,640,886
		87,350,300	82,112,404
	Revenue		
	Environmental services	6,099,136	10,168,122
	Bioremediation services	-	-
	Incineration services	52,087,475	50,316,199
	Analytical services	30,653,727	28,086,067
	Environment lab services	12,471,099	6,554,349
		101,311,437	95,124,737
	Less: Sales tax on services rendered		
	Environmental services	820,724	1,230,786
	Incineration services	7,198,742	6,975,726
	Analytical services	4,228,100	3,892,358
	Environment lab services	1,713,571	913,463
		13,961,137	13,012,333
	Revenue - Net of sales tax	87,350,300	82,112,404
16	**OPERATING EXPENSES**		
	Salaries, wages and other benefits	28,110,823	18,762,894
	Cost of material and supplies	69,488	154,340
	Labour charges	3,017,044	2,959,078
	Depreciation - note 6.4	4,742,877	5,551,763
	Laboratory charges	17,631,372	16,074,420
	Travelling and conveyance	6,470,643	5,473,133
	Rent charges	110,000	110,000
	Project expenses - note 16.2	7,118,915	6,014,390
	Exhibitional, promotional and training expenses	1,384,614	1,191,859
	Car rental & Fuel	946,640	698,418
	Utilities	2,708,298	1,300,966
	Printing & Stationery	343,464	455,279
	Repair & maintenance	2,841,861	2,169,688
	Insurance	182,322	207,013
	Others	330,514	701,253
		76,008,875	61,824,494

		2023 Rupees	2022 Rupees
16.1	**Breakup of operating expenses relating to nature of services provided**		
	Environmental services	4,814,311	4,883,527
	Waste Management services	29,899,653	24,643,196
	Analytical services	22,923,364	19,091,859
	Environment lab services	9,868,018	5,999,663
	Community expenses - note 16.2	7,118,915	6,014,390
	Exhibition, promotional and training expenses	1,384,614	1,191,859
		76,008,875	61,824,494
16.2	**Breakup and nature of the project expenses is as follows:**		
	Give away in kinds - note 16.2.1	1,409,860	1,147,340
	Call for pilot projects - note 16.2.2	2,405,000	1,711,550
	Tree plantation - note 16.2.3	1,514,919	1,598,840
	Internees training - note 16.2.4	440,206	481,116
	Event management - note 16.2.5	1,337,105	1,035,318
	Others	11,825	40,226
		7,118,915	6,014,390

16.2.1 Give aways in kind include supply of electric water pumps, fiber waste bins for welfare 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 to selected national universities for environmental / waste management research projects, of various universities.

16.2.3 Tree plantation is done twice a year with more than 16,005 trees planted in the current year (2022: 15,000) 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.

		2023 Rupees	2022 Rupees
17	**ADMINISTRATIVE AND GENERAL EXPENSES**		
	Salaries, wages and other benefits	9,430,014	6,512,975
	Car rental and fuel	112,396	86,359
	Depreciation - note 6.4	186,737	178,844
	Printing and stationery	218,639	138,574
	Auditor's remuneration - note 17.1	738,260	711,000
	Entertainment	549,179	350,393
	Consultancy and legal charges	689,848	561,473
	Interest charges on lease	208,102	911,227
	Bank charges	13,190	19,210
		12,146,365	9,470,055
17.1	**Auditor's remuneration**		
	Annual audit	588,260	561,000
	Tax and other services	150,000	150,000
		738,260	711,000
18	**OTHER INCOME**		
	Income from financial assets		
	Saving accounts	11,912,131	4,683,859
	T-Bills	10,689,885	5,438,245
		22,602,016	10,122,104
19	**CASH AND CASH EQUIVALENTS**		
	Short term investment	69,999,536	59,996,146
	Cash and bank balances	79,215,498	70,100,010
		149,215,034	130,096,156

20 REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel (KMP) includes Chief Executive Officer and all the directors of the Company who work voluntarily for the Company.
Details of remuneration of executive of the Company is as follows:

	2023 Rupees	2022 Rupees
Managerial remuneration	8,332,732	4,869,162
Company Contribution to provident, pension and gratuity funds	1,193,373	1,081,640
Bonus	2,009,842	1,122,542
Housing, utilities & others	3,812,072	3,105,942
Leave passage	-	406,804
	15,348,019	10,586,090
Number of person	1	1

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

	2023 Rupees	2022 Rupees

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

21.1 Financial assets and liabilities

Financial assets at amortised cost

	2023 Rupees	2022 Rupees
Maturity upto one year		
Trade debts	15,636,696	18,203,943
Deposits and other receivables	1,976,323	2,665,776
Short term investment	69,999,536	59,996,146
Cash and Bank Balances	79,215,498	70,100,010
	166,828,053	150,965,875

Financial liabilities at amortised cost

Other financial liabilities

	2023 Rupees	2022 Rupees
Maturity upto one year		
Trade and other payables	15,238,347	15,238,347
Lease liability	3,372,518	3,372,518
Maturity after one year		
Lease liability	2,841,501	5,797,695
	21,452,366	24,408,560

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	2023 Rupees	2022 Rupees
Trade debts and other receivables				
Counter parties without external credit rating				
Due from associated companies			2,817,404	2,284,854
Others			14,795,615	18,584,865
			17,613,019	20,869,719
Bank balances and short term investment				
Counter parties with external credit rating				
The Bank of Punjab	PACRA	A 1+	38,290,862	33,648,128
Habib Bank limited	JCR-VIS	A 1+	110,884,172	96,428,028
			149,175,034	130,076,156

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.

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

	2023 Rupees	2022 Rupees
0 to 6 months	13,631,981	11,476,189
6 to 12 months	939,478	2,287,613
1 year to 2 years	1,630,693	1,579,531
above 2 years	8,167,393	10,673,564
	24,369,545	26,016,897

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, 2023				
Trade and other payables	22,961,960	22,961,960	22,961,960	-
Lease liability	5,797,695	5,797,695	2,956,194	2,841,501
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

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 149,215,034 (2022: Rs 130,096,156), 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, 2023 if the interest rates had been 1% higher/lower with all other variables held constant, surplus for the year would have been Rs 1,492,150 higher / lower (2022 : Rs 1,300,961 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.

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**	**2023 Rupees**	**2022 Rupees**
Attock Refinery Limited	Common Directorship	Nill		
Sale of services by the Company			5,090,577	4,143,804
Purchase of goods and services by the Company			46,535,185	31,799,830
Rent paid by the Company - Note 22.1			3,580,620	4,164,777
Payments made during the year			40,430,483	7,903,494
Payments received during the year			5,367,904	37,286,643
Asset purchased from ARL			2,841,300	-
Payment received agaisnt asset purchased			2,841,300	-
Attock Hospital (Private) Limited	Common Directorship	Nill		
Sale of services by the Company			376,376	457,973
Purchase of services by the Company			557,283	80,281
Payment made during the year			543,777	80,821
Payment received during the year			377,051	446,533
Attock Petroleum Limited	Common Directorship	Nill		
Sale of services by the Company			29,770,472	25,322,423
Payment received from APL			29,553,668	24,673,505
Attock Gen Limited				
Sale of services by the Company			989,781	-
Payment received			659,854	-

22.1 Rent paid by the company mainly pertains to Right of use asset.

23 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Trade payables presented in the statement of financial position include aggregate payable balance of Rs. 4,018,822 (June 30, 2022: Rs. 2,917,921) set off against aggregate receivable balance of Rs. 293,712 (June 30, 2022: Rs. 735,198) due from / to same party.

	2023 Rupees	2022 Rupees

24 GENERAL

24.1 No. of employees

	2023	2022
Total number of employees at the end of the year	10	11
Average number of employees for the year	10	12

24.2 Capacity of industrial unit - incineration plant

	Kilograms	Kilograms
Annual Capacity	2,160,000	2,160,000
Actual utilization	619,499	756,339
Shortfall	1,540,501	1,403,661

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 inceration and an increase in revenue from bioremidiation services.

24.3 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 10 OCT 2023.

Chief Executive Officer

Director

Director