PUNJAB INDUSTRIAL ESTATES
DEVELOPMENT & MANAGEMENT COMPANY

FINANCIAL
STATEMENTS
FY 2018 - 19

PIEDMC
PUNJAB INDUSTRIAL ESTATES
DEVELOPMENT & MANAGEMENT COMPANY

PUNJAB INDUSTRIAL ESTATE

Development and Management Company

Consolidated Financial Statements

Financial Year 2018-19

PUNJAB INDUSTRIAL ESTATE DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Statement of Financial Position

As At June 30, 2019

	Note	June 2019 Rupees	June 2018 Rupees (Restated)	June 2017 Rupees (Restated)
Equity and liabilities				
Equity				
Share Capital	7	50,000,000	50,000,000	50,000,000
Accumulated Surplus		4,466,918,408	4,331,190,744	4,023,243,720
Total equity		4,516,918,408	4,381,190,744	4,073,243,720
Liabilities				
Non-current liabilities				
Long term financing - Government of Punjab	8	1,319,008,569	6,667,560,184	6,527,577,849
Deferred income	9	197,940,762	201,832,629	168,275,489
Deferred credit	10	299,308,098	680,973,150	1,181,505,985
Deferred grants	11	204,405,210	210,306,546	218,052,828
Deferred liability	12	30,847,075	33,031,644	18,545,342
Total non-current liabilities		2,051,509,714	7,793,704,153	8,113,957,493
Current liabilities				
Current portion of long term financing	8	6,136,883,333	527,216,667	287,216,667
Accrued mark upon financing	13	99,326,102	66,631,743	45,326,685
Trade and other payables	14	1,451,409,216	1,543,371,051	902,552,240
Security deposits	15	429,764,831	408,311,907	372,254,472
Other financial liabilities	16	1,429,854,949	1,429,854,949	1,429,854,949
Advance from customers against consultancy services	17	240,906,254	371,364,881	541,602,791
Advances from customers against sale of plots	18	2,067,728,004	1,816,342,389	1,931,158,343
Total current liabilities		11,855,872,689	6,163,093,587	5,509,966,147
Total Equity and Liabilities		18,424,300,810	18,337,988,484	17,697,167,360
Contingencies and Commitments	19			
Assets				
Non-current assets				
Property, plant and equipment				
Operating fixed assets	20	634,169,783	489,593,739	422,612,875
Capital work in progress	21	96,117,063	86,420,403	82,755,077
Intangibles	22	91,461	304,675	321,862
Long term deposits	23	172,641,913	170,159,193	172,831,630
Total non-current assets		903,020,220	746,478,010	678,521,444
Current assets				
Stores, spare parts and loose tools		50,186,784	39,871,062	23,091,809
Inventory (projects in progress)	24	12,102,236,838	11,497,245,762	10,387,573,601
Trade debts	25	902,175,753	1,191,230,739	950,641,399
Advances, deposits, prepayments and other receivables	26	831,481,343	1,115,868,493	258,417,138
Income tax refundable	27	690,342,761	661,485,568	634,644,503
Short term investments	28	2,140,000,000	2,210,000,000	2,410,000,000
Accrued interest		28,452,807	23,945,617	24,827,534
Cash and bank balances	29	776,404,304	851,863,233	2,329,449,932
Total current assets		17,521,280,590	17,591,510,474	17,018,645,916
Total Assets		18,424,300,810	18,337,988,484	17,697,167,360

The annexed notes from 1 to 50 form an integral part of these financial statements.

Chief Executive Officer

Chairman

PUNJAB INDUSTRIAL ESTATE DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Statement of Income and Expenditure and Other Comprehensive Income

For the Year Ended June 30, 2019

	Note	June 2019 Rupees	June 2018 Rupees (Restated)
Revenue			
Amortization of grants	11	5,901,336	7,746,282
Sale of developed plots	30	625,307,279	752,673,472
Income from construction and supervision services		130,458,627	170,237,910
Electricity billing	31	4,803,387,229	4,050,593,950
Fees	32	337,927,024	391,983,243
Operations, maintenance and allied service billing	33	292,615,333	209,344,025
Other income	34	705,104,562	864,678,453
Total income		6,900,701,390	6,447,257,335
Expenditure			
Cost of sales	35	416,261,965	470,074,738
Development expenditure of managed estates	36	35,743,976	46,934,450
Construction and supervision cost of QASP	37	130,458,627	170,237,910
Cost of operations, maintenance and allied service billing	38	355,176,390	287,669,993
Cost of electricity sold	39	4,608,303,502	4,128,599,616
Administrative expenses	40	804,878,479	463,586,820
Selling expenses	41	24,624,230	45,682,198
Finance cost	42	395,148,395	505,540,559
Total expenditure		6,770,595,563	6,118,326,285
Net surplus for the year		130,105,827	328,931,050
Taxation	43	-	-
Net surplus after tax		130,105,827	328,931,050
Other comprehensive income			
Items that will not be reclassified to income & expenditure		-	-
Items that may be reclassified subsequently to income & expenditure:			
Remeasurement of post employment benefit obligation - actuarial gain/(loss)	12.6	5,621,837	(20,984,026)
Other comprehensive income/(loss) for the year		5,621,837	(20,984,026)
Total comprehensive income for the year		135,727,664	307,947,024

The annexed notes from 1 to 50 form an integral part of these financial statements.

Chief Executive Officer

Chairman

PUNJAB INDUSTRIAL ESTATE DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Statement of Changes in Equity
For the Year Ended June 30, 2019

	Note	Paid Up Share Capital	Accumulated Surplus	Total
		Rupees	Rupees	Rupees
Balance as at June 30, 2017 - as previously reported		50,000,000	2,954,319,643	3,004,319,643
Effects of restatements	**6.20**	-	1,068,924,077	-
Balance as at July 01, 2017 - restated		**50,000,000**	**4,023,243,720**	**3,004,319,643**
Surplus for the year		-	328,931,050	328,931,050
Other comprehensive loss for the year ended 30 June 2018		-	(20,984,026)	(20,984,026)
		-	307,947,024	307,947,024
Balance as at June 30, 2018		**50,000,000**	**4,331,190,744**	**3,312,266,667**
Surplus for the year		-	130,105,827	130,105,827
Other comprehensive income for the year ended 30 June 2019		-	5,621,837	5,621,837
		-	135,727,664	135,727,664
Balance as at June 30, 2019		**50,000,000**	**4,466,918,408**	**3,447,994,330**

The annexed notes from 1 to 50 form an integral part of these financial statements.

Chief Executive Officer

Chairman

PUNJAB INDUSTRIAL ESTATE DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Statement of Cashflows

For the Year Ended June 30, 2019

	Note	2019 Rupees	2018 Rupees (Restated)
Cash (used in) operations	44	**(1,739,688)**	(1,667,250,367)
Interest paid		**(1,356,188)**	(1,657,563)
Return on bank deposits received		**230,163,416**	230,298,362
(Increase)/Decrease in long term deposits		**(2,482,720)**	2,672,437
Gratuity contributions paid		**(27,838,061)**	(37,336,629)
Net cash from/(used in) operating activities		**196,746,759**	(1,473,273,760)
Cash flows from investing activities			
Capital expenditure incurred		**(137,482,567)**	(59,279,728)
Additions in capital work in progress		**(88,191,711)**	(29,798,652)
Proceeds from sale of assets		**4,019,091**	5,315,441
Net cash (used in) investing activities		**(221,655,187)**	(83,762,939)
Cash flow from financing activities			
Repayment of long term loan		**(120,550,501)**	(120,550,000)
Net cash (used in) financing activities		**(120,550,501)**	(120,550,000)
Net (decrease) in cash and cash equivalents		**(145,458,929)**	(1,677,586,699)
Cash and cash equivalents at the beginning of the year		**3,061,863,233**	4,739,449,932
Cash and cash equivalents at the end of the year		**2,916,404,304**	3,061,863,233
Cash and cash equivalents			
Cash and bank balances	29	**776,404,304**	851,863,233
Short term investments	28	**2,140,000,000**	2,210,000,000
Cash and cash equivalents at the end of the year		**2,916,404,304**	3,061,863,233

The annexed notes from 1 to 50 form an integral part of these financial statements.

GMR

Chief Executive Officer

Chairman

1 Legal status and nature of business

1.1 Punjab Industrial Estates Development and Management Company ("the Company") was incorporated in Pakistan on 18 September 2003 as a public company limited by guarantee having a share capital, licensed as a non-profit organization under section 42 of the Repealed Companies Ordinance,1984 (now Companies Act, 2017). The Company is wholly owned by the Government of Punjab. The principal activity of the Company is to develop new industrial estates together with updating and managing the existing industrial estates as may be assigned by the Government of Punjab. The registered office of the Company is situated at Commercial Area (North) Sundar Industrial Estate, Raiwind road, Lahore.

1.2 The Company is managing Quaid e Azam Industrial Estate ("QIE") and Sundar Industrial Estate ("SIE") in Lahore and Multan Industrial Estate - Phase I ("MIE I") in Multan while the following projectrs are in development phase:

- Multan Industrial Estate - Phase II ("MIE II") in Multan;
- Rahim Yar Khan Industrial Estate in Rahim Yar Khan;
- Bhalwal Industrial Estate in Bhalwal;
- Vehari Industrial Estate in Vehari;
- Quaid-e-Azam Business Park in Sheikhupra.
- Chunian Industrial Estate in Chunian; and
- Bahawalpur Industrial Estate in Bahawalpur

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board Accounting Standard for Not for Profit Organization issued by ICAP as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. In cases where requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail.

2.2 Standards, amendments or interpretations that became effective during the year

The Company has adopted following new standards which became effective during the year:

- IFRS 9 'Financial instruments' – This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses model that replaces IAS 39 incurred loss impairment model. On July 1, 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'amortised cost').

- IFRS 15 'Revenue from contracts with customers' – This standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to been titled in exchange for those goods or services. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

The adoption of above new standards did have significant effect on the financial statements of the Company. Impact of these standards have been disclosed in Note 6.20.

2.3 Standards, amendments and interpretations to the approved accounting standards that are not yet effective

IFRS 16 'Leases' will be effective for the Company's annual accounting period beginning July 1, 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. At present, the Company is in the process of determining the impacts of application of IFRS 16 on financial statements of the Company.

Additionally there is another new standard, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

The changes laid down by these standards do not have any significant impact on these financial statements of the Company. However, related changes to the accounting policies have been made in these financial statements.

2.4 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

In addition to the above, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan ;

Standards or Interpretations

IFRS-14 Regulatory Deferral Accounts
IFRS 17 Insurance Contracts

3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain items which are stated otherwise in following accounting policies.

4 Functional and presentational currency

These financial statements have been prepared in Pak Rupees which is also the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise stated.

5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amount of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

5.1 Leave Encashment

Balance/un-availed Annual Leave is encashed at the rate of current gross salary of the employees at the end of fiscal year. Days to be reimbursed of new employees are counted on pro-rata basis.

5.2 Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after considering rebates and tax credits available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior periods which arise from assessment framed / finalized during the period, if any.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the date of statement of financial position.

5.3 Impairment

The management of the Company reviews carrying amounts of its assets including receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication. In particular, judgment by management is required in the estimation of the amount and timing of the future cash flows, when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

5.4 Contingencies

Where 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 can not be measured with sufficient reliability, it is disclosed as contingent liability.

5.5 Gratuity

The Company operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits respective of the qualifying period. The projected unit credit method used for the valuation of the scheme is based on assumptions stated in Note 12.

5.6 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge and impairment.

5.7 Amortisation method, rates and useful lives of intangible assets

The management of the Company reassesses useful lives, amortisation method and rates for each intangible asset having finite lives annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available.

5.8 Stores, spare parts and loose tools

The Company reviews its stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates might affect the carrying amounts of the respective items of stores and spare parts and loose tools with a corresponding effect on the impairment.

5.9 Inventory

The Company reviews carrying amount of inventory on a regular basis. Carrying amount of inventory is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

6 Summary of significant accounting policies

These accounting polices stated below have been consistently applied to all periods presented in these financial statements.

6.1 Long term financing

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at fair values less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the statement of income and expenditure over the period of the borrowings on an effective interest rate basis.

Loans at a below-market rate of interest from Government are recognized and measured at amortized cost (i.e. the present value of the future cash flows discounted at a market rate of interest). The benefit, that is the difference between the fair value of the loan on initial recognition and the amount received, is accounted for as additional government grant. The benefit is accounted for as deferred credit and is amortized over the period of borrowings.

6.2 Government grants

Government grants are recognized when there is reasonable assurance that the Company will comply with all conditions attaching to them and these will be received.

When the grant relates to expense item, it is recognized as income over the period necessary to match the grant on systematic basis to the cost that is intended to compensate. When the grant relates to an asset, it is recognized as deferred income and changes to the income in equal amounts over the expected useful life of related assets.

Non monetary grants are recognised at fair value of the assets received in kind.

6.3 Post retirement benefit

The Company operates approved funded gratuity scheme covering all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis using projected unit credit method.

6.4 Trade and other payables

Liabilities relating to trade and other payables are carried at fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company. Subsequently, these are measured at amortized cost.

6.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the statement of income and expenditure as incurred.

6.6 Provisions

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

6.7 Property, plant and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment, if any. Cost of property plant and equipment consists of historical costs and directly attributable costs in bringing the assets to their working condition.

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in estimate may affect the depreciation charge or impairment.

Depreciation is calculated by applying the rates mentioned in the Note 19 on reducing balance method. Depreciation is charged on additions from the month the asset is available for use and on disposals up to the month preceding the month of disposal. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Normal repair and maintenance is charged to income as and when incurred whereas major renewals and improvements are capitalized. Gain or loss on disposal of assets is charged to the statement of income and expenditure.

6.8 Capital work-in-progress

Capital work in progress represents expenditure on property, plant and equipment in the course of construction and installation including material, labour and overheads directly relating to the project. Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in progress. These are transferred to specific assets as and when these are available for use.

6.9 Intangible assets

Expenditure incurred to acquire intangibles is capitalized as intangible and stated at cost less accumulated amortization and any identified impairment. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangibles are amortized using straight-line method over a period of three years. Amortization on additions to intangible assets is charged from the month the asset is available for use and on disposals up to the month preceding the month of disposal.

6.10 Stores, spare parts and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

6.11 Inventory

This represents saleable land received from Government of Punjab and land purchased for various projects and includes development cost, and is intended to be sold in the ordinary course of business.

Expenditure incurred on development of infrastructure forms part of the cost of over all project and is included in the cost of inventory as and when incurred.

Inventory is valued at lower of the cost and net realizable value. Net realizable value is the estimated selling price of plots in the ordinary course of business less the estimated costs of completion of projects in progress. Cost is determined on worked performed basis.

6.12 Trade debts

Trade debts are measured at amortized cost based on review of outstanding amounts at the year end. Bad debts are written off when identified.

6.13 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at bank and short term investments with maturities of three months or less. These are readily convertible to known amount of cash therefore they are subject to insignificant risk of changes in value and are used by the Company in the management of its short-term commitments.

6.14 Loans and receivables

Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of income and expenditure over the period of the investments on an effective yield method less impairment.

6.15 Financial instruments

6.15.1 Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

6.15.2 Financial assets at fair value through other comprehensive income

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

6.15.3 Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Such equity instruments are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established.

Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

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

Financial liabilities

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

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

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

6.16 Impairment

Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, contract assets. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Offsetting of financial assets and financial liabilities

A financial asset and financial liability is 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 transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

6.17 Revenue

In accordance with IFRS 15, revenue is recognised when following conditions are met:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

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- Revenue from sale of industrial plots is recognized when the customers obtains control of the plots and chances of cancellation of the allotment of the plot is remote, i.e. the following conditions are fulfilled:
  - Full payment is received from customers;
  - Agreement to sell is executed with customers; and
  - Physical possession of developed plot is given to customers;
- Revenue from sale of electricity is recognized on the basis of electricity supplied to customers at rates determined by NEPRA for DISCOs. Electricity sale is recorded over the period of time i.e. when the consumers have consumed the electricity supplied.
- Fee and other charges are charged to customers at prescribed rates and they are recognized as income over the period of time.
- Operations and maintenance charges billed to customers are recorded over the period of time.
- Transfer fee is charged to customers at prescribed rates and it is recognized as income on accrual basis.
- Return on bank deposits/interest income is recognized as and when accrued on effective interest method.
- Miscellaneous income represents fee for providing temporary connections and repair/replacement of cables and temporary meters. The fee for installation/replacement of temporary connections is recognized on installation of meters at allottees' sites. The income related to repair of meters and cables is recognised on performance of repair and maintenance services.
- Grants related to assets are recognized in statement of profit and loss over the life of the depreciable assets.
- Grants related to income are recognized in statement of profit and loss over the period of grant agreement.
- Deferred credit is amortised over the period of loan agreement.

6.18 Advances received for sale of plots

Advances received from customers against sale of plots are stated at cost. They are recognized as revenue when customers obtain control of the plot and chances of cancellation of the allotment of the plot is remote.

6.19 Deferred income

Amount received from customers for electric transformers are recognised as deferred income and recognized as income over the useful life of the transformers from the date of installation.

6.20 Impact of adoption of IFRS 15

6.20.1 Due to adoption of IFRS 15, policy of revenue has been changed in these financial statements. Now, revenue is recoginzed when customers obtain control of the plots and chances of cancellation of the allotment of the plots are remote. These conditions are fulfilled when:

- 100% Payment is received from customers.
- Agreement to sell has been executed with customers.
- Physical possession of developed plots has been given to customers.

Earlier, policy was "Revenue from sale of industrial plots is recognized at the completion of the project for its intended use by the owner of the plot and the chances of cancellation of the allotment of the plot is remote at which stage the Company determines that the risks and rewards associated to sale of plot is transferred to the buyer."

6.20.2 Restatement impacts of adoption of IFRS 15 on last year financial statements are as follows:

Restatements	Original	Effect of Restatements	Restated
	-----Rupees-----		
	Balance as at 30/06/2017	Increase/(Decrease)	Balance as at 30/06/2017
Statement of changes in equity	Rs.	Rs.	Rs.
Accumulated surplus	2,954,319,643	1,068,924,077	4,023,243,720
Statement of financial position			
Inventory (projects in progress)	12,621,155,741	(2,233,582,140)	10,387,573,601
Advances from customers against sale of plots	5,233,664,560	(3,302,506,217)	1,931,158,343

Initials

	Original	Effect of Restatements	Restated
	--------	Rupees --------	
	Balance as at 30/06/2018	Increase/(Decrease)	Balance as at 30/06/2018
Statement of changes in equity	Rs.	Rs.	Rs.
Accumulated surplus	3,001,805,426	1,329,385,318	4,331,190,744
Statement of financial position			
Inventory (projects in progress)	13,749,446,045	(2,252,200,283)	11,497,245,762
Advances from customers against sale of plots	5,397,927,490	(3,581,585,101)	1,816,342,389

6.20.3 Impact of change in current year financial statements:

Sale of plots have been decreased by Rs. 35 million.

6.21 Impact of adoption IFRS-9:

Adoption of IFRS-9 has significant impact on current year financial statements. This has been resulted into increase in provision of doubtful NUF receivables by Rs. 426,568,246 as well as changes in classification of financial assets and liabilities which are as follows:

	Original classification under IAS 39	New classification under IFRS 9
Financial assets		
Trade debts	Loans and receivables	Financial assets at amortized cost
Advances, deposits and other receivables	Loans and receivables	Financial assets at amortized cost
Short term investments	Held to maturity	Financial assets at amortized cost
Cash and bank balances	Loans and receivables / Cash and Cash equivalents	Financial assets at amortized cost
Financial liabilities		
Short term loans	Amortized Cost	Financial liabilities at amortized cost
Trade and other payables	Amortized Cost	Financial liabilities at amortized cost
Security deposits	Amortized Cost	Financial liabilities at amortized cost
Loan term financing	Amortized Cost	Financial liabilities at amortized cost
Accrued markup	Amortized Cost	Financial liabilities at amortized cost

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		Note	2019 Rupees	2018 Rupees
7	**Share capital**			
	Authorized share capital			
	15,000,000 (2018: 15,000,000) ordinary shares of rupees 10 each		**150,000,000**	150,000,000
	Issued, subscribed and paid up capital			
	5,000,000 (2018: 5,000,000) ordinary shares of rupees 10 each fully paid in cash		**50,000,000**	50,000,000
	Total		**50,000,000**	50,000,000

100% Shares of the Company are held by the Government of the Punjab (through Industries, Commerce Investment & Skill Development Department).

		Note	2019 Rupees	2018 Rupees
8	**Long term financing**			
	Loan from Government of Punjab I - SIE	**8.1**	**374,000,000**	467,500,000
	Loan from Government of Punjab II - VIE	**8.2**	**60,400,000**	75,500,000
	Loan from Government of Punjab III - SIE	**8.3**	**40,000,000**	50,000,000
	Loan from Government of Punjab IV - PEETCO	**8.4**	**7,800,000**	9,750,000
	Sub total	**8.5**	**482,200,000**	602,750,000
	Loan from Government of Punjab V - VIE	**8.6**	**150,000,000**	150,000,000
	Loan from Government of Punjab VI - SIE	**8.7**	**100,000,000**	100,000,000
	Loan from Government of Punjab VII - QABP	**8.8**	**3,315,668,000**	3,315,668,001
	Loan from Government of Punjab VII - QABP	**8.9**	**1,587,332,000**	1,587,332,000
	Loan from Government of Punjab VIII - CIE	**8.10**	**470,000,000**	470,000,000
	Loan from Government of Punjab IX - QABP	**8.11**	**1,650,000,000**	1,650,000,000
	Sub total		**7,273,000,000**	7,273,000,001
	Total long term financing		**7,755,200,000**	7,875,750,001
	Less: Deferred credit	**10**	**(2,254,954,917)**	(2,254,954,917)
			5,500,245,083	5,620,795,084
	Opening balance of amortization of deferred credit		**1,573,981,767**	1,073,448,932
	Add: Amortization of deferred credit during the year	**42**	**381,665,052**	500,532,835
		8.12 & 8.13	**1,955,646,819**	1,573,981,767
	Total Financing	**8.15**	**7,455,891,902**	7,194,776,851
	Current portion of long term financing	**8.14**	**(6,136,883,333)**	(527,216,667)
			1,319,008,569	6,667,560,184

8.1 This represents loan for development of infrastructure and ancillary facilities at Sundar Industrial Estate. (For terms, refer to Note 8.5)

8.2 This represents loan for the establishment of Vehari Industrial Estate. (For terms, refer to Note 8.5)

8.3 This represents loan for shifting of Hazardous Industries from city to Sundar Industrial Estate. (For terms, refer to Note 8.5)

8.4 This represents loan on behalf of Punjab Environmental Effluent Treatment Company ("PEETCO"), a related party, for combined effluent treatment plant at Sundar Industrial Estate. (For terms, refer to Note 8.5)

8.5 Aggregate loan of Rs.1,205.50 million is repayable in ten equal annual instalments commencing from 31 December 2013 and carries mark-up at the rate at 0.25% per annum. Penalty on overdue payments is chargeable at the rate of 4% per annum.

8.6 This loan of Rs. 150 million is for establishment of Vehari Industrial Estate. The loan is repayable in three equal annual installments commencing from 30 June 2017 and carries mark-up at the rate at 0.25% per annum. Penalty on overdue payments is chargeable at the rate of 4% per annum.

8.7 This loan of Rs. 100 million is for shifting of Hazardous Industries from City to Sundar Industrial Estate. The loan is repayable in three equal annual installments commencing from 30 June 2017 and carries mark-up at the rate at 0.25% per annum. Penalty on overdue payments is chargeable at the rate of 4% per annum.

8.8 This loan received is for establishment of Quaid-e-Azam Business Park Sheikhupura. The loan was received in the form of land having award value of Rs. 3,316 million with area measuring 1,562 acres during the year ended 30 June 2014. The loan is repayable in three equal annual installments commencing from 30 June 2017 and carries mark-up at the rate at 0.25% per annum. Penalty on overdue payments is chargeable at the rate of 4% per annum.

8.9 This loan is for the establishment of Quaid-e-Azam Business Park Sheikhupura. The loan is repayable in three equal annual installments commencing from 30 June 2018 and carries mark-up at the rate at 0.25% per annum. Penalty on overdue payments is chargeable at the rate of 4% per annum.

8.10 This loan is for the establishment of Chunian Industrial Estate. The loan is repayable in three equal annual installments commencing from 30 June 2019 and carries mark-up at the rate at 0.25% per annum. Penalty on overdue payments is chargeable at the rate of 4% per annum.

8.11 This loan is for the establishment of Quaid-e-Azam Business Park, Sheikhupura. The loan is repayable in three equal annual installments commencing from 30 June 2020 and carries mark-up at the rate at 0.25% per annum. Penalty on overdue payments is chargeable at the rate of 4% per annum.

8.12 This represents difference between amortized cost and face value of subsidised loan. Amortized cost has been determined using effective mark-up at 8.75 % to 12.95% per annum (2018: 8.75% to 12.95%).

8.13 The Company has recognized the present value effect of low interest bearing loan from Government of Punjab in statement of financial position as deferred credit.

8.14 These include overdue loans amounting to Rs. 406.66 million (2018: Rs. 166.66 million).

8.15 Subsequent to year end, Government of Punjab has decided to defer the loan repayment, amounting to Rs. 6,553 million by 31 December, 2019.

			2019	2018
9	**Deferred income (Against Transformer Sharing)**	**Note**	**Rupees**	**Rupees**
	Opening balance		**201,832,629**	168,275,489
	Received from customers against cost of sharing transformers		**16,291,403**	52,562,969
	Amortization for the year	**34**	**(20,183,270)**	(19,005,829)
	Closing balance as at 30 June	**9.1**	**197,940,762**	201,832,629

9.1 Amount received from customers for sharing of electric transformers are recognised as deferred income and recognized as income over the useful life of the transformers from the date of installation.

			2019	2018
10	**Deferred Credit**	**Note**	**Rupees**	**Rupees**
	Opening balance	**10.1**	**2,254,954,917**	2,254,954,917
	Less Opening Amortization	**8.12**	**(1,573,981,767)**	(1,073,448,932)
	Less Amortization for the year	**8.13**	**(381,665,052)**	(500,532,835)
	Closing balance as at 30 June		**299,308,098**	680,973,150

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		Note	2019 Rupees	2018 Rupees
10.1	**Amortization of new loan**			
	Opening balance		**2,254,954,917**	2,254,954,917
	Charge during the year		**-**	-
	Closing balance as at 30 June		**2,254,954,917**	**2,254,954,917**

10.2 Deferred Credit presents effects of low interest bearing loan obtained from Government of Punjab (related parties) in statement of financial position.

		Note	2019 Rupees	2018 Rupees
11	**Deferred grants**			
	Opening balance	**11.1**	**210,306,546**	218,052,828
	Grants received during the year		-	-
			210,306,546	218,052,828
	Grants amortized related to income		**-**	-
	Grants amortized related to assets		**(5,901,336)**	(7,746,282)
	Closing balance as at 30 June		**204,405,210**	210,306,546

11.1 This includes grant of Rs. 80 million from Government of Punjab for setting up a pharmaceutical laboratory at Sundar Industrial Estate and Rs. 180 million received in cash for acquisition of land and development of new industrial estate in Gujrat. No development work has been started till 30 June 2019 in Gujrat Industrial Estate.

12 Deferred liabilities

The latest actuarial valuation of the Company's defined benefit gratuity scheme was conducted on 30 June 2019 using projected unit credit method. Details of obligation for defined benefit gratuity scheme is as follows:

		Note	2019 Rupees	2018 Rupees
12.1	Present value of defined benefit obligation	**12.2**	**156,112,519**	134,058,736
	Fair value of plan assets		**(125,265,444)**	(101,027,092)
	Liability as at 30 June		**30,847,075**	33,031,644
12.2	**Movement in liability for defined benefit obligation**			
	Present value of defined benefit obligation at beginning of the year		**134,058,736**	93,239,370
	Current service cost for the year		**29,746,321**	30,929,630
	Interest cost for the year		**10,305,275**	7,911,270
	Benefits paid during the year		**(10,485,585)**	(13,708,582)
	Advance benefits paid		**-**	(1,715,668)
	Experience adjustments (actuarial loss/gain)		**(7,512,228)**	17,402,716
	Present value of defined benefit obligation at end of year		**156,112,519**	134,058,736

		Rupees
12.3	**Comparative amounts of five years**	
	30 June 2018	93,239,370
	30 June 2017	76,264,035
	30 June 2016	64,329,173
	30 June 2015	48,338,703
	30 June 2014	36,614,004

		2019	2018
12.4	**Changes in fair value of plan assets**	**Rupees**	**Rupees**
	Fair value of plan assets	**101,027,092**	74,694,028
	Contributions during the year	**27,838,061**	37,336,629
	Interest income on plan assets (Expected refund)	**8,776,267**	8,001,995
	Benefits paid during the year	**(10,485,585)**	(13,708,582)
	Advance benefits paid	**-**	(1,715,668)
	Experience adjustments on return on plan assets (Acturial loss)	**(1,890,391)**	(3,581,310)
	Fair value of plan assets	**125,265,444**	101,027,092
12.5	**Expenses to be recognized in statement of income and expenditure**		
	Current service cost	**29,746,321**	30,929,630
	Interest cost on defined benefit obligation	**10,305,275**	7,911,270
	Interest income on plan assets	**(8,776,267)**	(8,001,995)
	Expenses chargeable to statement of income and expenditure	**31,275,329**	30,838,905
12.6	**Remeasurement chargeable in other comprehensive income**		
	Experience adjustments on plan obligations	**(7,512,228)**	17,402,716
	Experience adjustments on return on plan assets	**1,890,391**	3,581,310
		(5,621,837)	20,984,026
12.7	**Significant actuarial assumptions**	**2019**	**2018**
	Discount rate used for interest cost in statement of income and expenditure	**8%**	8%
	Discount rate used for year end obligation	**7%**	7%
	Salary increase used for year end obligations:		
	Salary increase FY 2017	**N/A**	N/A
	Salary increase FY 2018 & onwards	**7%**	7%
	Next salary is increased at	**09/01/2019**	09/01/2018
	Mortality rates	**SLIC 2001-05 Setback 1 Year**	SLIC 2001-05 Setback 1 Year
	Withdrawals rates	**Age-based (per appendix)**	Age-based (per appendix)
	Retirement assumption	**Age 60**	Age 60

		Note	2020	2019
		Note	**Rupees**	**Rupees**
12.8	**Expected expense for next year**			
	Current service cost		**30,770,523**	29,746,321
	Interest cost on defined benefit obligation		**21,498,936**	10,305,275
	Interest income on plan assets (Expected refund)		**(17,365,224)**	(8,776,267)
	Amount chargeable to statement of income and expenditure		**34,904,235**	31,275,329

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		Note	2019 Rupees	2018 Rupees
12.9	**Year end sensitivity analysis on defined benefit obligation**			
	Discount rate increase by 100 bps		145,607,855	121,593,765
	Discount rate decrease by 100 bps		167,373,730	148,948,255
	Salary increase by 100 bps		167,373,730	148,091,432
	Salary decrease by 100 bps		145,607,855	121,378,746

		Note	2019 Rupees	2018 Rupees
13	**Accrued interest on financing**			
	Accrued interest			
	Overdue interest		66,631,743	45,326,685
	Interest accrued during the year		23,558,396	22,962,621
	Paid during the year		(1,356,188)	(1,657,563)
			88,833,951	66,631,743
	Accrued penalty / Overdue interest			
	Overdue penalty		-	-
	Interest accrued during the year		10,492,151	-
	Paid during the year		-	-
			10,492,151	-
			99,326,102	66,631,743
14	**Trade and other payables**			
	Creditors		495,678,542	538,333,525
	Advances from customers		177,485,995	166,550,778
	Accrued liabilities		37,817,597	33,127,819
	Bills payable		242,164,765	258,188,366
	Retention money payable		302,938,733	331,624,164
	Tax payable		100,224,239	108,611,346
	Payable To Tannery Zone allottees		2,923,403	2,923,403
	Other payables		92,175,942	104,011,650
			1,451,409,216	1,543,371,051
15	**Security Deposits**			
	Security deposits against electricity connections	15.1	425,997,581	404,394,657
	Security deposit against rent		3,767,250	3,917,250
			429,764,831	408,311,907

15.1 These represent security deposits received from customers of Sundar Industrial Estate and Rahim Yar Khan Industrial Estate against their electricity connections.

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16 Other financial liabilities	**Note**	**2019 Rupees**	**2018 Rupees**
Due towards Government of Punjab I - BIE	16.1	127,328,437	127,328,437
Due towards Government of Punjab II - BIE	16.1	3,238,125	3,238,125
Due towards Government of Punjab III - VIE	16.2	132,000,000	132,000,000
Due towards Government of Punjab IV - CIE	16.3	103,203,387	103,203,387
Due towards Government of Punjab V - BWP	16.4	1,064,085,000	1,064,085,000
		1,429,854,949	1,429,854,949

16.1 This represents a payable against land sold by the Government of Punjab (GoPb) to the Company for establishment of Bhalwal Industrial Estate having award value of Rs. 127.33 million and Rs. 3.24 million with area measuring 385.84 acres and 4.91 acres during the year ended 30 June 2011 and 2013, respectively. In accordance with letter received from the GoPb, purchase price of such land will be converted into long term loan after finalization of specific terms and conditions with the Finance Department. Since loan agreement is not signed between both parties, accordingly, this payable has been classified as short term loan.

16.2 This represents a payable against land sold by the Government of Punjab (GoPb) to the Company for establishment of Vehari Industrial Estate having award value of Rs. 132 million with area measuring 200 acres during the year ended 30 June 2013. In accordance with letter received from the GoPb, purchase price of such land will be converted into long term loan after finalization of specific terms and conditions with the Finance Department. Since loan agreement is not signed between both parties, accordingly, this payable has been classified as short term loan.

16.3 This represents a payable against land sold by the Government of Punjab (GoPb) to the Company for establishment of Chunian Industrial Estate having award value of Rs. 103.20 million with area measuring 130.11 acres during the year ended 30 June 2014. In accordance with letter received from the GoPb, purchase price of such land will be converted into long term loan after finalization of specific terms and conditions with the Finance Department. Since loan agreement is not signed between both parties, accordingly, this payable has been classified as short term loan.

16.4 This represents a payable against land sold by the Government of Punjab (GoPb) to the Company for establishment of Bahawalpur Industrial Estate having award value of Rs. 1,064.09 million with area measuring 483.18 acres during the year ended 30 June 2017. In accordance with letter received from the GoPb, purchase price of such land will be converted into long term loan after finalization of specific terms and conditions with the Finance Department. Since loan agreement is not signed between both parties, accordingly, this payable has been classified as short term loan.

17 Advance from customers against consultancy services - QASP

In accordance with agreement executed between the Company and the Energy Department, the Government of Punjab (Energy Department) was entered on 06 March 2015 where under Energy Department has released Rs. 1,619.57 million to the Company in advance for Engineering, Construction & Procurement Services of all works as per approved development plan of the Quaid-e- Azam Solar Park, Bahawalpur. Out of Rs. 1,619.57 million transferred by Energy Department, the Company has charged Rs. 1,378.66 million (2018: Rs. 1,248.21 million) to statement of profit or loss up to 30 June 2019 against expenditure incurred of Rs. 1,378.66 million (2018: Rs. 1,248.21 million).

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18 Advances received against sale of plots	**Note**	**2019 Rupees**	**2018 Rupees (Restated)**
Sundar Industrial Estate		**489,808,582**	248,863,000
Multan Industrial Estate Phase I		**68,901,110**	61,788,610
Multan Industrial Estate Phase II		**753,148,209**	852,136,287
Rahim Yar Khan		**360,981,028**	265,681,194
Bhalwal		**228,351,701**	262,649,551
Vehari		**166,537,374**	125,223,748
		2,067,728,004	1,816,342,390

19 Contingencies and Commitments

Contingencies

19.1 The Company is distributing electricity in SIE and RIE without having a distribution license from National Electric Power Regulatory Authority (NEPRA). As per Section 20 of the Electric Power Project Act, 1997, no person can engage in distribution of electric power without having a distribution license issued by NEPRA under the Act. The Company by engaging in the distribution of electric power is acting in violation of the said section of the Act. Under Rule 3 of the National Electric Power Regulatory Authority (Fines) Rules, 2002 (the "Rules") NEPRA can impose fines as specified in the first schedule to the said Rules.

In this regard, the Company submitted applications to NEPRA on 9 October 2006 and 17 October 2016 for SIE and RIE respectively. SIE application was turned down on 17 October 2006. The Company again submitted an application to NEPRA which was admitted for consideration of grant of distribution license on 25 July 2011. In response to this Lahore Electric Supply Company submitted its comments on 25 August 2011. Consequently NEPRA sought the Company's view point vide its letter dated 29 August 2011. The Company, in this regard, submitted its reply to NEPRA on 28 February 2012 through its legal consultant hired for this purpose. After a long time, NEPRA asked the Company to submit another application for power supplier license vide its letter dated 15 October 2018 in view of amendments in NEPRA Act. The Company again submitted an application for electric power supplier license to NEPRA on 26 March 2019. The Company requested NEPRA for early issuance of Distribution License through its letter dated 30 May 2019 after meeting of Chairman PIEDMC with Chairman NEPRA on 6 May 2019. The Company has again submitted its application to NEPRA on 26 July 2021 for grant of license for distrubution of electricity in SIE, RIE, BIE and QABP.

The management is confident that distribution license will be granted to the Company and accordingly, no adverse impact in these financial statements is expected.

19.2 There are 135 (2018: 133) cases pending in various courts relating to land, contractors, consultants and employees at Sundar, Quaid-e-Azam, Multan and Rahim Yar Khan Industrial Estates and Quaid-e-Azam Business Park. Because of the number of cases involved and their uncertain nature, it is not possible to quantify their financial effect at present. However, based on the opinion of legal advisors, no adverse impact on the financial statements is expected to arise on settlement of these cases.

19.3 Proceedings U/S 161 of the Income Tax Ordinance, 2001 were finalized by the Assistant Commissioner Inland Revenue (ACIR) on 28-06-2016 for the tax year 2012 to 2015 by raising an impugned demand u/s 235 of the Income Tax Ordinance, 2001 amounting to Rs. 294.16 along with default surcharge of Rs. 126.55 million. Appeal against the order for tax years 2012 to 2015 was filed before the Commissioner Inland Revenue-Appeals (CIR-A). CIR-A has rejected the appeal and maintained the order of ACIR dated 28-06-16 by passing orders on 23-05-2017. The Company has paid full amount of Rs. 294.16 million (without default surcharge) against demand raised by ACIR for Tax Years 2012 to 2015. However, the management and tax advisor is of view that the matter regarding default surcharge will be decided in favor of the Company, accordingly, no further provision regarding default surcharge of Rs. 126.55 million has been accounted for in these financial statements.

19.4 Certain petitioners of Civil Society filed a petition in the Honourable Lahore High Court on 23 October 2017 challenging incorporation of the Company along with other companies incorporated u/s 42 of the repealed Companies Ordinance, 1984 which are operating in Punjab. Currently, proceedings of the Courts are in process. Based on opinion of the legal advisor, the Company would be able to continue as going concern as such petition is most likely to be dismissed.

	2019 Rupees	2018 Rupees
Commitments		
Commitments in respect of development projects	**2,111,284,516**	2,114,867,710

	Note	2019 Rupees	2018 Rupees
20 Property, plant and equipment		**634,169,783**	489,593,739

2019

Description	Cost				Accumulated depreciation				Book value	Annual
	Cost as at July 1, 2018	Additions during the year	Disposal during the year	Cost as at June 30, 2019	as at July 1, 2018	Depreciation for the year	Depreciation on disposals	as at June 30, 2019	as at June 30, 2019	rate of depreciation %
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Land	12,480,403	-	-	12,480,403	-	-	-	-	12,480,403	0%
Buildings	157,256,397	85,487,927	-	242,744,324	(62,759,758)	(16,070,612)	-	(78,830,370)	163,913,954	10%
Office equipments	38,779,743	3,882,976	-	42,662,719	(18,909,962)	(4,997,958)	-	(23,907,920)	18,754,799	20%
Lab Equipments	66,827,753	-	-	66,827,753	(47,219,462)	(5,877,708)	-	(53,097,170)	13,730,583	30%
Computers	51,487,401	5,736,535	-	57,223,936	(27,198,197)	(8,819,441)	-	(36,017,638)	21,206,298	30%
Furniture and fixtures	23,660,890	2,599,832	-	26,260,722	(15,927,470)	(2,090,906)	-	(18,018,376)	8,242,346	20%
Electric installations	3,297,794	-	-	3,297,794	(2,660,546)	(127,450)	-	(2,787,996)	509,798	20%
Machinery	29,764,008	9,533,156	-	39,297,164	(19,507,317)	(4,555,175)	-	(24,062,492)	15,234,672	20%
Vehicles	178,131,942	15,537,620	(5,420,772)	188,248,790	(79,742,504)	(22,579,553)	4,194,369	(98,127,688)	90,121,102	20%
Transformers	250,768,828	16,291,403	-	267,060,231	(48,936,204)	(20,183,262)	-	(69,119,466)	197,940,765	10%
Grid Stations	-	93,200,064	-	93,200,064	-	(1,165,001)	-	(1,165,001)	92,035,063	5%
	812,455,159	232,269,513	(5,420,772)	1,039,303,900	(322,861,420)	(86,467,066)	4,194,369	(405,134,117)	634,169,783	

2018

Description	Cost				Accumulated depreciation				Book value	Annual
	Cost as at July 1, 2017	Additions during the year	Disposal during the year	Cost as at June 30, 2018	as at July 1, 2017	Depreciation for the year	Depreciation on disposals	as at June 30, 2018	as at June 30, 2018	rate of depreciation %
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Land	12,480,403	-	-	12,480,403	-	-	-	-	12,480,403	0%
Buildings	154,014,304	3,242,093	-	157,256,397	(52,313,353)	(10,446,405)	-	(62,759,758)	94,496,639	10%
Office equipments	28,026,680	10,753,063	-	38,779,743	(15,316,291)	(3,593,671)	-	(18,909,962)	19,869,781	20%
Lab Equipments	65,154,343	1,673,410	-	66,827,753	(38,822,741)	(8,396,721)	-	(47,219,462)	19,608,291	30%
Computers	32,393,211	20,564,592	(1,470,402)	51,487,401	(25,168,713)	(3,212,129)	1,182,645	(27,198,197)	24,289,204	30%
Furniture and fixtures	20,887,048	2,773,842	-	23,660,890	(14,381,610)	(1,545,860)	-	(15,927,470)	7,733,420	20%
Electric installations	3,297,794	-	-	3,297,794	(2,501,234)	(159,312)	-	(2,660,546)	637,248	20%
Machinery	27,357,736	2,406,272	-	29,764,008	(17,367,296)	(2,140,021)	-	(19,507,317)	10,256,691	20%
Vehicles	142,075,474	43,842,496	(7,786,028)	178,131,942	(65,478,364)	(20,677,838)	6,413,698	(79,742,504)	98,389,438	20%
Transformers	198,205,859	52,562,969	-	250,768,828	(29,930,375)	(19,005,829)	-	(48,936,204)	201,832,624	10%
	683,892,852	**137,818,737**	**(9,256,430)**	**812,455,159**	**(261,279,977)**	**(69,177,786)**	**7,596,343**	**(322,861,420)**	**489,593,739**	

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20.1 Details of disposal of property, plant and equipment

Assets Particulars	Cost	Carrying Amount	Sale Price	Gain on Disposal	Particulars of the Purchaser	Mode of Disposal	Relationship with the Purchaser
	..........Rupees..........						
Toyota Gli (LEJ-12-1359)	1,662,060	370,344	1,345,000	974,656	Mr. Abid Anwar	Auction	N/A
Toyota Gli (LEJ-12-1361)	1,662,060	370,344	1,313,000	942,656	Mr. Muhammad Aqib Zahoor	Auction	N/A
Suzuki Swift (LEB-10-2816)	1,038,664	189,668	702,000	512,332	Mr. Pervaiz Ahmed	Auction	N/A
Suzuki Cultus (LEC-13-6219)	1,057,988	296,047	659,091	363,044	Mr. Muhammad Mumtaz	Auction	N/A
	5,420,772	**1,226,403**	**4,019,091**	**2,792,688**			

	2019 Rupees	2018 Rupees
20.2 Depreciation charged for the year has been allocated as follows:		
Operations and maintenance expenses	**22,243,115**	22,520,649
Cost of electricity	**6,763,025**	2,305,875
Administrative expenses	**57,460,926**	44,351,262
	86,467,066	69,177,786

20.3 It includes depreciation expense on laboratory equipment and building of PDTRC amounting to Rs. 5,901,336 (2018: Rs. 7,746,282) for which grant was provided by the Government of Punjab (related party).

	Note	2019 Rupees	2018 Rupees
21 Capital work in progress			
Balance as at 1 July		**86,420,403**	82,755,077
Additions during the year		**88,191,711**	29,798,652
Transfers to operating fixed assets		**(78,495,051)**	(26,133,326)
Balance as at 30 June	21.1	**96,117,063**	86,420,403

	2019	2018
21.1 Capital Work in progress		
Office building SIE	**309,592**	309,592
Office building MIE-I	**1,426,409**	-
Office building QIE	**-**	78,495,051
Surveillance System	**7,615,760**	7,615,760
Grid station SIE (T-4)	**84,883,702**	-
Grid station RIE	**1,881,600**	-
	96,117,063	86,420,403

	2019	2018
22 Intangible assets		
Cost		
Opening balance	**3,285,954**	3,129,168
Additions during the year	**-**	156,786
Closing balance	**3,285,954**	3,285,954
Accumulated Amortization		
Opening balance	**2,981,279**	2,807,306
Amortization for the year	**213,214**	173,973
Closing balance	**3,194,493**	2,981,279
NBV as at 30 June	**91,461**	304,675

			2019	2018
23	**Long term deposits**	**Note**	**Rupees**	**Rupees**
	Security deposits	**23.1**	**172,641,913**	170,159,193
			172,641,913	170,159,193

23.1 This includes amount of Rs. 145.9 million (2018: Rs. 145.9 million) paid to LESCO (related party) as security against electricity connection .

			2019	2018
24	**Inventory (projects in progress)**	**Note**	**Rupees**	**Rupees (Restated)**
	Sunder Industrial Estate (plots)		**64,474,637**	309,662,857
	Multan Industrial Estate II		**576,081,663**	640,544,762
	Bhalwal Industrial Estate	**24.1 & 24.2**	**1,971,022,917**	1,810,720,901
	Rahim Yar Khan Industrial Estate	**24.1**	**1,917,859,230**	1,722,157,343
	Bahawalpur Industrial Estates	**24.1**	**1,258,979,914**	1,214,672,633
	Vehari Industrial Estate	**24.1 & 24.2**	**1,051,293,311**	1,093,582,129
	Quaid-e-Azam Business Park (Quaid-e-Azam Apparel Park)		**4,933,495,904**	4,461,181,122
	Chunian Industrial Estate	**24.1**	**411,876,297**	408,214,966
	Quaid-e-Azam Industrial Estate (plots)		**25,341,651**	25,341,651
	P. D. Khan Industrial Estate		**11,733,100**	11,733,100
	Research & Planning		**61,671,330**	66,263,000
	Multipurpose industrial complex		**-**	2,826,450
			12,283,829,954	11,766,900,914
	Less: NRV adjustment		**(181,593,116)**	(269,655,152)
		24.3	**12,102,236,838**	11,497,245,762

24.1 This includes land measuring area 667 acres in Multan Industrial Estate Phase II, 483 acres in Bahawalpur Industrial Estate, 200 acres in Vehari Industrial Estate, 130.11 acres in Chunian Industrial Estate and 390.75 acres in Bhalwal Industrial Estate, Title of these estates have not been transferred in the name of the Company.

24.2 390 Acres and 200 Acres have been alloted in Bhalwal Industrial Estate and Vehari Industrial Estate respectively. However, the Company holds possession of 427 Acres and 277 Acres in these estates. Allotment letters for remaining land are still awaited and adjustment, if any, would be made in subsequent financial statements (year of issuance of allotment letters of such additional land).

24.3 This includes borrowing cost capitalized amounting to Rs. 88.23 million (2018: 66.47 million) against loans received from the Government of Punjab.

			2019	2018
25	**Trade debts**	**Note**	**Rupees**	**Rupees**
	- Considered good	**25.1**	**902,175,753**	1,191,230,739
	- Considered doubtful		**631,578,894**	219,174,981
		25.2	**1,533,754,647**	1,410,405,720
	Less: Provision for doubtful debts	**25.3**	**(631,578,894)**	(219,174,981)
			902,175,753	1,191,230,739

25.1 These includes receivables against sale of electricity amounting to Rs. 40 million (2018: 40.3 million) which is secured against security deposits.

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		Note	2019 Rupees	2018 Rupees
25.2	**Trade debts** - *unsecured*			
	Accrued electricity billing		**631,884,282**	510,760,492
	Electricity bills receivables		**40,005,053**	40,312,845
	Operation and maintenance charges receivable		**94,028,232**	93,656,692
	Water charges receivable		**22,253,236**	27,979,139
	Aquifer charges receivable	**25.4**	**7,509,808**	4,589,082
	Sewerage charges receivable		**23,734,402**	21,510,150
	Lease rentals receivable		**1,070,106**	1,715,524
	Rent receivables		**133,652**	3,354,205
	Annual recurring expenses receivable		**961,029**	961,029
	Sub letting fee receivable		**5,762,732**	4,919,928
	Receivables against fee and penalties (NUF)		**672,988,547**	668,091,713
	Mark-up on outstanding dues		**33,423,568**	32,554,921
			1,533,754,647	1,410,405,720

		Note	2019 Rupees	2018 Rupees
25.3	**Provision for doubtful debts - unsecured**			
	Opening balance		**219,174,981**	94,604,780
	Provision for the year (including ECL)		**426,568,246**	129,551,904
	Recoveries / adjustments made during the year		**(14,164,333)**	(4,981,703)
	Closing balance		**631,578,894**	219,174,981

25.4 These are net off effects of Supreme Court of Pakistan Order of 2020.

		Note	2019 Rupees	2018 Rupees
26	**Advances, deposits prepayments and other receivables**			
	Advances to suppliers - *unsecured*	**26.1**	**600,233,373**	1,010,637,027
	Advances to employees - *considered good*	**26.2**	**32,603,650**	36,584,796
	Security deposits		**3,437,427**	5,049,977
	Prepayments		**7,522,438**	9,835,917
	Donations recoverable from plot owners - considered doubtful		**177,742**	186,034
	Sales tax adjustable		**241,945,106**	111,345,298
	Receivable from related party (PEETCO)	**26.3**	**19,500,000**	19,500,000
	Others		**6,785,266**	3,453,103
			912,205,002	1,196,592,152
	Less: Provision for doubtful advances and other receivables	**26.4**	**(80,723,659)**	(80,723,659)
			831,481,343	1,115,868,493
26.1	**This represents:**			
	Mobilization advances to contractors - good		**68,393,889**	61,302,945
	Material advances to contractors - good		**23,860,577**	36,984,046
	Advances to suppliers - good		**24,634,315**	18,654,422
	Advance to contractor (Deposits Work)	**26.1.1**	**483,344,592**	893,695,614
			600,233,373	1,010,637,027

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	Note	2019 Rupees	2018 Rupees
26.1.1 These includes advances given to following related parties:			
LESCO		**151,000,000**	151,000,000
SNGPL (QABP)		**274,400,000**	583,100,000
NTDC		**55,446,012**	157,097,034
MEPCO		**2,498,580**	2,498,580
		483,344,592	893,695,614

26.1.2 The ageing analysis of advance given to related parties is as follows:

	2019	2018
up to 1 year	**400,846,012**	742,695,614
1 to 2 years	**2,498,580**	-
2 to 3 years	**-**	-
3 to 4 years	**-**	-
5 years and more	**80,000,000**	151,000,000
	483,344,592	893,695,614

26.1.2 Maximum aggregate balance due from related party is Rs. 483 million (2018: Rs. 893 million). This includes an amount of Rs. 80 million (2018: 151 million) which is doubtful.

	2019 Rupees	2018 Rupees
26.2 This comprise:		
Advances to employees against salary	**7,072,397**	7,301,426
Advances to employees against expenses	**25,531,253**	29,283,370
	32,603,650	36,584,796

26.3 The Company received a loan , on 19 August 2009, from Government of Punjab for Punjab Environmental Effluent Treatment Company ("PEETCO"), a related party, for combined effluent treatment plant at Sundar Industrial Estate. The funds were transferred to PEETCO on 10 September 2009. Winding up order has been passed by the PEETCO and such balance would be received after completion of winding up process.

26.3.1 The maximum aggregate amount of receivables due from related parties at the end of any month during the year was Rs. 19,500,000 (2018: Rs 19,500,000).

26.3.2 The ageing analysis of receivable from related party PEETCO is as follows:	2019 Rupees	2018 Rupees
up to 1 year	-	-
1 to 2 years	-	-
2 to 3 years	-	-
3 to 4 years	-	-
5 years and more	**19,500,000**	19,500,000

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		2019 Rupees	2018 Rupees
26.4	**Provision for doubtful advances and other receivables**		
	Opening balance	**80,723,659**	151,430,800
	Reversal of provision during the year	**-**	(70,707,141)
	Recovery during the year	**-**	-
	Write-off during the year	**-**	-
	Closing balance	**80,723,659**	80,723,659
27	**Income tax refundable**		
	Income tax	**690,342,761**	661,485,568
		690,342,761	661,485,568
28	**Short term investments - at amortized cost**		
	Maturity within 3 months	**1,850,000,000**	1,920,000,000
	Maturity within 6 months	**275,000,000**	275,000,000
	Maturity within 1 Year	**15,000,000**	15,000,000
	Total	**2,140,000,000**	2,210,000,000

28.1 This represents investment in term deposit receipts of the Bank of Punjab (related party) carrying mark up ranging from 5.5% to 9% per annum (2018: 5.5% to 5.60% per annum).

		2019 Rupees	2018 Rupees
29	**Cash and bank balances**		
	Cash in hand	**855,976**	938,700
	Current accounts	**911,385**	911,385
	Deposit accounts	**774,636,943**	850,013,148
		776,404,304	851,863,233

29.1 Cash and Bank include bank balances of Rs. 124.76 million (2018: Rs. 510.62 million) held in accounts not bearing title of the Company. i.e. 'Punjab Industrial Estate Management and Development Company'.

29.2 Balances in deposit accounts carry mark up @ 4.5% to 10.25% (2018: 2.4% to 5.4%) per annum.

29.3 Balance maintained with related party is amounting to Rs. 757 million (2018: 833 million).

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		Note	2019 Rupees	2018 Rupees (Restated)
30	**Sale of developed plots**			
	Sale of developed plots - Sundar Industrial Estate		156,138,469	4,826,400
	Sale of developed plots - Multan Industrial Estate Phase II		222,729,870	483,503,715
	Sale of developed plots - Rahimyar Khan Industrial Estate		82,791,850	184,046,650
	Sale of developed plots - Bhalwal Industrial Estate		42,607,550	56,713,600
	Sale of developed plots - Vehari Industrial Estate		64,942,650	13,152,850
	Others - Quaid-e-Azam Industrial Estate		56,096,890	10,430,257
	Total		**625,307,279**	752,673,472
31	**Electricity billing**			
	Electricity billing	**31.1**	**5,444,746,688**	4,676,766,469
	Less: Sales tax		**(641,359,459)**	(626,172,519)
	Total		**4,803,387,229**	4,050,593,950

31.1 This represents sale of electricity (purchased from LESCO and MEPCO) to plot owners in Sunder Industrial Estate & Rahim Yar Khan Industrial Estate.

		Note	2019 Rupees	2018 Rupees
32	**Fees**			
	Fees	**32.1**	**337,927,024**	391,983,243
	Total		**337,927,024**	391,983,243

32.1 These includes non utilization fee, transfer fee, map approval fee, water meter fees, bidding fees and possession fees etc.

		Note	2019 Rupees	2018 Rupees
33	**Operations, maintenance and allied service billing**			
	Operations & maintenance		**194,979,173**	130,468,123
	Water		**58,966,078**	67,183,702
	Aquifer		**38,670,082**	11,692,200
			292,615,333	209,344,025
34	**Other Income**			
	Return on bank deposits and investments		**234,670,606**	229,416,445
	Gain on disposal of vehicles		**2,792,688**	3,655,354
	Rental Income		**22,603,375**	12,030,722
	Mark up on outstanding dues		**6,231,516**	5,771,067
	Amortization of deferred income	**9**	**20,183,262**	19,005,829
	Amortization of deferred credit	**10**	**381,665,052**	500,532,835
	Reversal of provision		**14,164,333**	75,688,844
	Sales of electrical material		**550,441**	167,400
	Miscellaneous income		**22,243,289**	18,409,957
			705,104,562	864,678,453

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		Note	2019 Rupees	2018 Rupees (Restated)
35	**Cost of Sales**			
	Cost of plots sold	35.1	**504,324,002**	367,499,755
	Net Realizable Value Adjustments	35.2	**(88,062,037)**	102,574,983
			416,261,965	470,074,738
35.1	**Cost of plots sold**			
	Sundar Industrial Estate		**218,196,652**	16,345,121
	Multan Industrial Estate		**120,334,512**	122,298,907
	Rahim Yar Khan Industrial Estate		**71,231,451**	158,516,346
	Bhalwal Industrial Estate		**37,455,898**	58,110,099
	Vehari Industrial Estate		**57,105,489**	12,229,282
			504,324,002	367,499,755
35.2	**NRV adjustment**			
	Rahim Yar Khan Industrial Estate		**(31,325,886)**	50,162,154
	Vehari Industrial Estate		**(7,834,897)**	(4,589,319)
	Bhalwal Industrial Estate		**(48,901,254)**	57,002,148
			(88,062,037)	102,574,983
36	**Development Expenditure of Managed Estates**			
	Road and water supply development cost		**35,743,976**	46,934,450
		36.1	**35,743,976**	46,934,450

36.1 This includes development expenditure incurred on development and major rehabilitation of Sundar Industrial Estate, Multan Industrial Estate (Phase I), and Quaid-e-Azam Industrial Estates.

		Note	2019 Rupees	2018 Rupees (Restated)
37	**Cost on construction and supervision of QASP**			
	Development cost (outsourced)		**79,904,214**	133,909,694
	Salaries & benefits		**15,307,930**	16,873,486
	Consultancy		**3,180,000**	3,736,051
	Cost of CCTVs		**9,270,905**	-
	Utilities		**12,004,255**	8,334,645
	Others		**10,791,323**	7,384,034
		37.1	**130,458,627**	**170,237,910**

37.1 This cost is being incurred on development of QASP inaccordance with agreement executed between the Company and Energy Department, GoPb.

			2019	2018
38	**Cost of operations, maintenance and allied services**	**Note**	**Rupees**	**Rupees**
	Salaries & benefits		**155,325,238**	133,187,071
	Road, drain and sewerage cleaning		**57,027,886**	57,833,933
	Security		**3,008,754**	4,571,824
	Maintenance of disposal station		**25,816,349**	20,426,771
	Fuel & Power		**16,988,221**	11,638,858
	Repair and maintenance		**7,218,640**	5,489,431
	Deprecation	**20.2**	**22,243,115**	22,520,649
	General maintenance		**31,326,956**	16,299,959
	Insurance		**306,588**	-
	Uniform and liveries		**2,284,327**	2,227,103
	Utilities		**32,848,542**	12,307,621
	Miscellaneous		**781,774**	1,166,773
			355,176,390	287,669,993
39	**Cost of electricity**			
	Electricity	**39.1**	**4,552,485,388**	4,061,274,001
	Stores consumed		**9,529,681**	15,068,081
	Salaries & benefits		**33,853,064**	38,911,999
	Fuel and utilities		**3,494,459**	1,182,104
	Repair and maintenance		**1,143,002**	8,945,307
	Depreciation	**20.2**	**6,763,025**	2,305,875
	Uniform and liveries		**234,520**	-
	Miscellaneous expenses		**800,363**	912,249
			4,608,303,502	4,128,599,616

39.1 This is being purchased from LESCO & MEPCO (related parties). This includes FPA adjustment amounitng to Rs. (34,596,945) (2018: Rs. 48,282,662).

		Note	2019 Rupees	2018 Rupees
40	**Administrative expenses**			
	Salaries & benefits		230,172,981	198,124,693
	Rent, rates and taxes		2,086,250	2,090,447
	Repair and maintenance		8,319,774	12,477,861
	Fuel		18,172,548	18,848,038
	Insurance		8,622,115	7,575,889
	Travelling and conveyance		6,921,777	8,272,819
	Utilities		8,572,328	8,368,815
	Printing and stationery		4,302,836	6,516,351
	Network and website expenses		3,126,549	2,379,605
	Advertisement		2,583,466	2,000,615
	Security charges		2,600	88,680
	Entertainment		3,082,973	4,173,276
	Depreciation	20.2	57,460,926	44,351,262
	Amortization of intangible assets	22	213,214	173,973
	Postage		1,442,349	1,311,852
	Legal and professional		17,822,978	13,265,667
	Bad debts		21,930	530,366
	Impairment of financial assets	25.3	426,568,246	129,551,904
	Inventory written off		2,826,450	-
	Auditor's remuneration	40.1	950,000	950,000
	Books and periodicals		91,976	83,700
	Janitorial services		314,643	338,910
	Fees and subscriptions		78,922	1,043,592
	Uniform and liveries		64,050	391,654
	Miscellaneous		1,056,598	676,851
			804,878,479	463,586,820

		Note	2019 Rupees	2018 Rupees
40.1	**Auditor's remuneration**			
	Audit fee		950,000	950,000
	Total		950,000	950,000
41	**Selling expenses**			
	Image Building & Branding		2,799,668	9,866,422
	Foreign collaboration		2,079,210	3,999,256
	Marketing & Promotion		2,480,252	15,622,230
	Advertisement		2,032,358	5,679,312
	Salaries & benefits		12,479,474	7,907,561
	Rent, rates and taxes		599,514	341,868
	Repair and maintenance		179,381	56,992
	Fuel		74,791	194,880
	Insurance		307,700	121,768
	Travelling and conveyance		-	30,880
	Utilities		1,220,203	878,338
	Entertainment		151,008	-
	Printing and stationery		75,517	702,823
	Others		145,154	279,868
			24,624,230	45,682,198

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42 Finance cost			
Unwinding of discount on subsidized loans - GoPb	8	**381,665,052**	500,532,835
Interest on long term loan - GoPb		**1,606,177**	1,907,563
Penalty on overdue loan	42.1	**10,492,151**	-
Bank charges		**1,385,015**	3,100,161
		395,148,395	505,540,559

42.1 This represents late payment penalty @ 4 % on overdue loans obtained from GoPb (related party).

43 Taxation

43.1 No provision for income tax including deferred tax has been made in these financial statements as the Company being a non-profit organization under section 42 of the repealed Companies Ordinance, 1984 is registered with tax authorities under section 2(36) of the Income Tax Ordinance, 2001 and tax credit equal to the tax payable including minimum tax and final tax payable is allowed under section 100C.

43.2 Numerical reconciliation between average effective tax rate and applicable tax rate is not required due to above mentioned fact.

	Note	2019 Rupees	2018 Rupees (Restated)
44 Cash generated from operations			
Surplus of income over expenditure		**135,727,664**	307,947,024
Adjustments for non cash and other items:			
Depreciation		**86,467,066**	69,177,786
Amortization		**213,214**	173,973
Finance cost		**415,715,599**	523,495,456
Amortization of deferred credit		**(381,665,052)**	(500,532,835)
Amortization of deferred Income		**(20,183,262)**	(19,005,829)
Amortization of deferred grants		**(5,901,336)**	(7,746,282)
Bad debts		**21,930**	530,366
Inventory written off		**2,826,450**	-
Impairment of financial assets		**426,568,246**	129,551,904
Reversal of provision		**(14,164,333)**	(75,688,844)
(Gain) on sale of property, plant and equipment		**(2,792,688)**	(3,655,354)
Return on bank deposits		**(234,670,606)**	(229,416,445)
Staff gratuity		**25,653,492**	51,822,931
Operating surplus before working capital changes		**433,816,383**	246,653,851
Working capital changes	44.1	**(435,556,071)**	(1,913,904,218)
Net cash used in operations		**(1,739,688)**	(1,667,250,367)

GPK

44.1 Working capital changes

(Increase) / decrease in current assets		
Stores, spare parts and loose tools	**(10,315,722)**	(16,779,253)
Inventory	**(607,817,526)**	(1,109,672,161)
Trade debts	**(123,370,857)**	(365,689,907)
Advances, deposits, prepayments and other receivables	**255,529,957**	(813,585,279)
	(485,974,148)	(2,305,726,600)
Increase / (decrease) in current liabilities		
Trade and other payables	**(91,961,835)**	640,818,811
Advances from customers against sale of plots	**251,385,615**	(114,815,954)
Advance from customers against consultancy services	**(130,458,627)**	(170,237,910)
Security deposits	**21,452,924**	36,057,435
	50,418,077	391,822,382
	(435,556,071)	(1,913,904,218)

45 Financial risk management

45.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. It's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk other price risk and interest rate risk.

(i) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchase are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak rupee. The Company is not exposed to any currency risk as there are no financial instruments at the reporting date that are sensitive to currency fluctuations.

(ii) Other price risk

Other 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. The Company is not materially exposed to equity price risk since there are no investments in equity securities instruments traded in the market either classified as available-for-sale or at fair value through profit or loss at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest / mark-up rate risk

Interest / mark-up rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest / mark-up rates.

At the reporting date, the interest / mark-up rate profile of the Company's interest / mark-up bearing financial instruments was:

	2019 Rupees	2018 Rupees
Variable rate financial assets		
Deposit accounts	**774,636,943**	779,214,413
Fixed rate financial assets		
Short term investments	**2,140,000,000**	2,210,000,000
Fixed rate financial liabilities		
Loan from Government of Punjab	**7,755,200,000**	7,875,750,001

(b) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. To manage credit risk the Company maintains procedures for monitoring of exposures against different parties. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. To mitigate the risk, the Company has a system of monitoring outstanding balances of all debts, advances and bank balances. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. Company is exposed to major concentration of credit risk as the Company is maintaining all of its bank accounts in Bank of Punjab.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2019 Rupees	2018 Rupees
Long term deposits	**172,641,913**	170,159,193
Short term investments	**2,140,000,000**	2,210,000,000
Trade debts	**902,175,753**	1,191,230,739
Accrued mark up	**28,452,807**	23,945,617
Advances, deposits and other receivables	**6,785,266**	3,453,103
Bank balances	**775,548,328**	850,924,533
	4,025,604,067	4,449,713,185

All debtors are in domestic currency and aging of all trade debts before provisioning at the reporting date is:

	2019 Rupees	2018 Rupees
Past due 0 - 365 days	**742,057,479**	781,292,059
Past due 366 - 720 days	**77,278,814**	438,393,511
Past due 721 & above	**714,418,647**	187,442,146
	1,533,754,939	1,407,127,717

GMA

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties.

The credit quality of Company's bank balances and term deposits can be assessed with reference to external credit ratings as follows:

	Rating		Rating Agency	2019	2018
	Long term	Short term		Rupees	Rupees
Short term investments					
The Bank of Punjab - retaled party	AA	A-1+	PACRA	**2,140,000,000**	2,210,000,000
Bank balances					
The Bank of Punjab - related party	AA	A-1+	PACRA	**757,266,909**	832,854,345
MIB Bank Limited	A	A-1	PACRA	**1,893,557**	1,306,964
Meezan Bank Limited	AA+	A-1+	JCR-VIS	**2,915,337**	648,485
United Bank Limited	AAA	A-1+	JCR-VIS	**9,837,596**	12,056,221
Silk Bank Limited	A-	A-2	JCR-VIS	**4,293,888**	4,058,518
				776,207,288	850,924,533

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner unfavourable to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities as at June 30:

Description	2019				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Long term financing	7,455,891,902	7,455,891,902	6,136,883,333	1,319,008,569	-
Other financial liabilities	1,429,854,949	1,429,854,949	1,429,854,949	-	-
Trade and other payables	1,273,923,221	1,273,923,221	1,273,923,221	-	-
Deposits	429,764,831	429,764,831	429,764,831	-	-
Accrued mark up	99,326,102	99,326,102	99,326,102	-	-
	10,688,761,005	10,688,761,005	9,369,752,436	1,319,008,569	-

GM

Description	2018				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Long term financing	7,194,776,851	7,194,776,851	527,216,667	6,667,560,184	-
Other financial liabilities	1,429,854,949	1,429,854,949	1,429,854,949	-	-
Trade and other payables	1,376,820,273	1,376,820,273	1,376,820,273	-	-
Deposits	408,311,907	408,311,907	408,311,907	-	-
Accrued mark up	66,631,743	66,631,743	66,631,743	-	-
	10,476,395,723	10,476,395,723	3,808,835,539	6,667,560,184	-

45.2 Fair values of financial assets and liabilities

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The following table show the carrying amounts and fair values of financial assets according to there respective category, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is reasonable approximation of fair value:

Description	Carrying amount			Fair Value			
	Amortized Cost	Fair value through Profit or loss	Total	Level 1	Level 2	Level 3	Total
June 30, 2019				(Rupees)	(Rupees)	(Rupees)	(Rupees)
Financial assets not measured at fair value							
Security deposits	172,641,913	-	172,641,913	-	-	-	-
Short term investments	2,140,000,000	-	2,140,000,000	-	-	-	-
Trade debts	902,175,753	-	902,175,753	-	-	-	-
Accrued mark up	28,452,807	-	28,452,807	-	-	-	-
Advances, deposits and other receivables	831,481,343	-	831,481,343	-	-	-	-
Cash and bank balances	776,404,304	-	776,404,304	-	-	-	-
	4,851,156,120	-	4,851,156,120	-	-	-	-

Financial liabilities not measured at fair value							
Long term financing	1,319,008,569	-	1,319,008,569	-	-	-	-
Other financial liabilities	1,429,854,949	-	1,429,854,949				
Trade and other payables	1,451,409,216	-	1,451,409,216	-	-	-	-
Deposits	429,764,831	-	429,764,831	-	-	-	-
Accrued mark up on financing	99,326,102	-	99,326,102	-	-	-	-
	4,729,363,667	-	4,729,363,667	-	-	-	-

Description	Carrying amount			Fair Value			
	Amortized Cost	Fair value through Profit or loss	Total	Level 1	Level 2	Level 3	Total
June 30, 2018				(Rupees)	(Rupees)	(Rupees)	(Rupees)
Financial assets not measured at fair value							
Long term security deposits	170,159,193	-	170,159,193	-	-	-	-
Short term investments	2,210,000,000	-	2,210,000,000	-	-	-	-
Trade debts	1,191,230,739	-	1,191,230,739	-	-	-	-
Accrued mark up	23,945,617	-	23,945,617	-	-	-	-
Advances, deposits and other receivables	1,115,868,493	-	1,115,868,493	-	-	-	-
Cash and bank balances	851,863,233	-	851,863,233	-	-	-	-
	5,563,067,275	-	5,563,067,275	-	-	-	-
Financial liabilities not measured at fair value							
Long term financing	6,667,560,184	-	6,667,560,184	-	-	-	-
Other financial liabilities	1,429,854,949	-	1,429,854,949				
Trade and other payables	1,543,371,051	-	1,543,371,051	-	-	-	-
Deposits	408,311,907	-	408,311,907	-	-	-	-
Accrued mark up	66,631,743	-	66,631,743	-	-	-	-
	10,115,729,834	-	10,115,729,834	-	-	-	-

The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or repriced over short term. Therefore, these carrying amounts are reasonable approximation of their fair values.

45.3 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business.

The Company's objectives when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide services for which it is established.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, obtain loan from the Government of Punjab, or sell inventory to reduce debt.

Neither were there any changes in the Company's approach to capital management during the year nor is the Company subject to externally imposed capital requirements.

46 Chief Executive Officer, Directors and Executives remuneration

Description	Chief Executive Officer		Directors		Executives	
	2019	2018	2019	2018	2019	2018
	Rupees					
Managerial remuneration	7,605,880	13,325,000		-	167,931,623	149,974,435
Reimbursement of expenses	650,994	714,950		-	14,782,222	22,639,716
Retirement benefits (Gratuity)	875,967	1,027,186		-	17,283,663	20,362,184
	9,132,841	15,067,136	-	-	199,997,508	192,976,335
Number of persons	1	1	14	21	71	71

Cars are being provided to Chief Executive Officer and Executives (Grade 8-12) for official and personal use.

47 Transactions with related parties

The Company is a government sponsored entity, therefore, all the government departments / agencies are related parties of the Company. Other related parties comprise of directors, key management personnel and entities over which the directors are able to exercise influence. Balances and transactions with related parties are disclosed in respective notes to these financial statements. Significant transactions and balances with related parties except remuneration of Chief Executive Officer, Directors and Executives are as follows:

Description	Relationship	Nature of transaction	2019 Rupees	2018 Rupees
Receivables from related parties				
Advances given	Executives	Advance against salary and expenses	31,587,051	29,842,298
PEETCO	Associated undertaking (Provincial Government Entity)	Loan	19,500,000	19,500,000
LESCO	Associated undertaking (Federal Government Entity)	Advance against construction work	151,000,000	151,000,000
SNGPL	Associated undertaking (Federal Government Entity)	Advance against construction work	274,400,000	583,100,000
NTDC	Associated undertaking (Federal Government Entity)	Advance against construction work	55,446,012	157,097,034
MEPCO	Associated undertaking (Federal Government Entity)	Advance against construction work	2,498,580	2,498,580
Payable to related parties				
LESCO	Associated undertaking (Federal Government Entity)	Utility services	397,467,016	340,137,133
US Apparel Group	Associated undertaking - Common Directorship	Advance against sale of plot	-	93,369,750
FAS Tube Mills & Engineering Industries	Associated undertaking - Common Directorship	Advance against sale of plot	7,069,600	7,069,600

HTMX

PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2019

Transactions are as follows:

Description	Relationship	Nature of transaction	2019 Rupees	2018 Rupees
Pakistan Telecommunication Company Ltd. (PTCL)	Federal Government	Utility services received	921,001	1,120,916
National Telecommunication Corporation (NTC)	Federal Government	Utility services received	314,003	163,706
Lahore Electric Supply Company (LESCO)	Federal Government	Utility services received	4,650,955,574	4,523,484,628
Multan Electric Power Company (MEPCO)	Federal Government	Utility services received	102,643,544	65,936,987
Faisalabad Electric Supply Company (FESCO)	Federal Government	Utility services received	3,223,282	222,146
Water and Sanitation Agency (WASA), Lahore	Provincial Government	Utility services received	1,888,860	1,888,860
National Insurance Company Limited (NICL)	Federal Government	Insurance	6,438,044	3,714,628
Sui Northern Gas Pipelines Limited (SNGPL)	Federal Government	Utility services received	285,040	68,000
Lahore Waste Management Company (LWMC)	Associated undertaking	Utility services received	6,424,402	4,485,714
Directorate General Public Relations (DGPR)	Provincial Government	Advertisment	5,436,896	35,126,470
COMSATS Internet Services	Provincial Government	Internet	516,240	494,616
Government. of Punjab	Shareholder	Loan repaid	122,056,875	122,358,250
Qadri Brother Private Limited	Associated undertaking due to Common Directorship	Electricity and other utilities	45,917,344	37,568,238
Izhar Group of Companies	Associated undertaking due to Common Directorship	Electricity and other utilities	7,182,614	6,569,101
FAS Tube Mills & Engineering Industries	Associated undertaking due to Common Directorship	Electricity and other utilities	122,989	5,079,103
US Apparel Group	Associated undertaking due to Common Directorship	Electricity and other utilities	4,146,158	1,028,645
Mehboob Industries	Associated undertaking due to Common Directorship	Electricity and other utilities	673,894	109,800

48 Number of employees

The total and average number of employees of the Company during the current year and as at 30 June are as follows:

Total number of employees as at 30 June	661	654
Average number of employees during the year	658	610

49 Date of authorization

These financial statements were authorized for issue on ______________________ by the Board of Directors of the Company.

50 General

- All financial information is presented in Pak rupee and has been rounded to the nearest Pak rupee.
- Corresponding figures have been rearranged or reclassified, wherever necessary, for the purposes of comparison. In addition to Note 6.20, following reclassifications/restatements have been made in these financial statements:

Reclassified from	Reclassified to	Rupees 2018
Receipt against deposit works	Advance from customers against consultancy services	371,364,881
Stores, spare parts and loose tools	Advances, deposits, prepayments and other receivables	1,559,874
Cost of electricity	Development Expenditures of Managed Estates	17,370,000
Cost of operation, maintenance and allied services	Cost of electricity	5,349,203
Administrative expenses	Cost of electricity	16,997,244

Chief Executive Officer

Chairman