



**Amir Nawaz Chaudhry**

ACA, LLB, FPFA, FCPA, CICA, M.Com, B.Com

Chartered Accountant

Advocate High Court

# AMIR NAWAZ & COMPANY

## CHARTERED ACCOUNTANTS

### AUDITOR'S REPORT TO THE MEMBERS

#### REPORT ON THE AUDIT OF FINANCIAL STATEMENT

##### Opinion

We have audited the annexed financial statements of **SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED** which comprise the statement of financial position as at **June 30, 2023**, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

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

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

##### Responsibilities of Management and Board of Directors for the Financial Statements

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

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

  


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## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

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

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, together with notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) Investment made, expenditure incurred and guarantees extended during the period were for the purpose of the Company's business; and
- d) No Zakat was deductible under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Amir Nawaz

  
Amir Nawaz & Company  
Chartered Accountants  
Place: Multan  
Date: December 15, 2023  
UDIN: AR2023107580KbfEsZiz



**SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

	<u>Note</u>	<u>2023</u> <u>Rupees</u>	<u>2022</u> <u>Rupees</u>
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	4	140,601,547	142,565,806
Intangible assets - software	5	74,901	83,223
Long term deposits	6	2,059,200	2,059,200
		<u>142,735,648</u>	<u>144,708,229</u>
<b>Current assets</b>			
Stores, spares and tools	7	1,148,980	135,200
Stock in trade	8	74,946,220	96,474,483
Trade debtors	9	542,800	959,140
Advance, deposits and investments	10	92,500	3,558,500
Advance taxes	11	12,407,877	10,654,181
Cash and bank balances	12	5,427,449	5,710,979
		<u>94,565,826</u>	<u>117,492,483</u>
		<u>237,301,474</u>	<u>262,200,712</u>
<b>Equity and Liabilities</b>			
<b>Authorized capital</b>			
160,971 (2022: 160,971) ordinary shares of Rs. 1,000/- each		<u>160,971,000</u>	<u>160,971,000</u>
<b>Share capital and reserves</b>			
Issued, subscribed and paid up capital	13	159,756,000	159,756,000
Deposit for shares	14	114,311,610	99,982,275
Unappropriated loss		<u>(81,235,456)</u>	<u>(82,380,797)</u>
		<u>192,832,154</u>	<u>177,357,478</u>
<b>Non current liabilities</b>			
Long term finance (LTF)	15	-	-
<b>Current liabilities</b>			
Trade and other payables	16	41,448,160	79,582,275
Current portion of LTF	15	-	2,500,000
Taxation	17	3,021,160	2,760,959
		<u>44,469,320</u>	<u>84,843,234</u>
<b>Contingencies and commitments</b>			
	18	-	-
		<u>237,301,474</u>	<u>262,200,712</u>

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

**SPUN YARN**  
 Research & Development  
 Company (Pvt) Ltd.  
 Chief Executive



  
 Khawaja Muhammad Mansoor  
 Director

**SPUN YARN**  
 Research & Development  
 Company (Pvt) Ltd.

**SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Note</u>	<u>2023</u> <u>Rupees</u>	<u>2022</u> <u>Rupees</u>
Sales - Net	19	241,715,183	184,063,900
Cost of sales	20	<u>237,595,437</u>	<u>177,646,970</u>
Gross profit		4,119,746	6,416,930
Distribution cost	21	595,420	505,740
Administrative expenses	22	3,668,342	3,436,432
Other operating expenses	23	313,608	297,238
Operating profit/(loss)		<u>4,577,370</u> <u>(457,624)</u>	<u>4,239,410</u> 2,177,520
Other income	24	<u>4,889,832</u>	<u>2,228,742</u>
Profit before finance cost		4,432,208	4,406,262
Finance cost	25	<u>265,707</u>	<u>457,231</u>
Profit before taxation		4,166,501	3,949,031
Taxation	26	<u>3,021,160</u>	<u>3,047,636</u>
Profit after taxation		<u>1,145,341</u>	<u>901,395</u>
Earning per share	27	<u>7.17</u>	<u>5.64</u>

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

**SPUN YARN**  
 Research & Development  
 Company (Pvt) Ltd.  
 Khawaja Muhammad Mansoor  
 Chief Executive

  
  
 Khawaja Muhammad Mansoor  
 Director

**SPUN YARN**  
 Research & Development  
 Company (Pvt) Ltd.

**SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023 <u>Rupees</u>	2022 <u>Rupees</u>
Profit for the year	1,145,341	901,395
Other comprehensive income	-	-
Total comprehensive profit	<u>1,145,341</u>	<u>901,395</u>

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

  
**Khawaja Muhammad Mansoor**  
 Chief Executive  
**SPUN YARN**  
 Research & Development  
 Company (Pvt) Ltd.

  
**Khawaja Muhammad Mansoor**  
 Director  
  
**SPUN YARN**  
 Research & Development  
 Company (Pvt) Ltd.



**SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2023</u> <u>Rupees</u>	<u>2022</u> <u>Rupees</u>
<b>Cash Flow From Operating Activities</b>		
Profit before taxation	4,166,501	3,949,031
<i>Adjustment for:</i>		
Depreciation	11,878,826	11,105,481
Amortization	8,322	9,247
Finance cost	265,707	457,231
	<u>12,152,855</u>	<u>11,571,959</u>
Operating cash flows before changes in working capital	16,319,356	15,520,990
<b>Changes in working capital</b>		
<i>(Increase)/Decrease in current assets</i>		
Stores, spares and tools	(1,013,780)	318,400
Stock in trade	21,528,263	64,335,627
Trade debtors	416,340	959,556
Advance, deposits and investments	3,466,000	(3,466,000)
Prepayments and other receivables	-	-
Advance taxes	(1,753,696)	9,104,846
<i>Increase/(Decrease) in current liabilities</i>		
Trade and other payables	(38,134,115)	(86,952,301)
	<u>(15,490,988)</u>	<u>(15,699,872)</u>
Cash flow from/(used in) operating activities	828,368	(178,882)
Tax paid	(2,760,959)	(3,142,233)
Finance cost	(265,707)	(457,231)
Net cash flow from/(used in) operating activities	<u>(2,198,298)</u>	<u>(3,778,346)</u>
<b>Cash Flow From Investing Activities</b>		
Purchase of operating fixed assets	(9,914,567)	(527,030)
Net cash flow from/(used in) investing activities	<u>(9,914,567)</u>	<u>(527,030)</u>
<b>Cash Flow From Financing Activities</b>		
Payment of liabilities against LTF	(2,500,000)	(5,000,000)
Deposit for shares	14,329,335	15,000,000
Net cash flow from/(used in) financing activities	<u>11,829,335</u>	<u>10,000,000</u>
Net increase/(decrease) in cash and cash equivalents	<u>(283,530)</u>	5,694,624
Cash and cash equivalents at the beginning of the year	5,710,979	16,355
Cash and cash equivalents at the end of the year	<u>5,427,449</u>	<u>5,710,979</u>

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

**Khawaja Muhammad Ali**  
Chief Executive



  
**Khawaja Muhammad Mansoor**  
Director



**SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Issued, subscribed and paid up capital</b>	<b>Deposit for shares</b>	<b>Unappropriated loss</b>	<b>Total</b>
	----- Rupees -----			
Balance as at June 30, 2021	159,756,000	84,982,275	(83,282,192)	161,456,083
Received during the year		15,000,000		
Profit for the year			901,395	901,395
Balance as at June 30, 2022	159,756,000	99,982,275	(82,380,797)	177,357,478
Received during the year		14,329,335		14,329,335
Profit for the year			1,145,341	1,145,341
Balance as at June 30, 2023	159,756,000	114,311,610	(81,235,456)	192,832,154

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

  
**SPUN YARN**  
 Research & Development  
 Company (Pvt) Ltd.  
 Chief Executive



  
**Khawaja Muhammad Mansoor**  
 Director

  
**SPUN YARN**  
 Research & Development  
 Company (Pvt) Ltd.

**SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**1- Legal Status and Operations**

Spun Yarn Research and Development Company (Private) Limited (the Company) is limited by shares was incorporated in Pakistan on June 27, 2011 as a Private Limited Company under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is principally engaged in manufacturing and sale of yarn.

Geographical location and addresses of business:

**Registered office/Head office**

House No. 1, Green Homes, Nawab Pur Road, Multan.

**Mill**

22-KM, Khanewal Road, Qadirpur Rawan, Multan.

**2- Basis of Preparation**

**2.1- Statement of compliance**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provision of and directives issued under the Companies Act, 2017 differ form IFRS, the provision of and directives issued under the Companies Act, 2017 have been followed.

**2.2- Basis of measurement**

These financial statements have been prepared under the historical cost convention except disclosed otherwise in the accounting policy notes.

**2.3- Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest Rupee unless otherwise stated.

**2.4- Critical accounting estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed as follows;

**2.4.1- Property, plant and equipment**

The company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identifies.

**2.4.2- Stores & spares and stock-in-trade**

The company estimates the net realizable value of stores & spares and stock in trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditure to make sale.

**2.4.3- Income Taxes**

In making the estimates for income taxes the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a katerial nature is in accordance with the law. The difference between the potential ans actual tax charge, if any, is disclosed as a contingent liability.

**3- Significant Accounting Policies**

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**3.1- Property, plant and equipment**

**Company's owned assets**

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss except freehold land, and capital work-in-progress. Which are stated at cost. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the erection construction period and attributable expenses in bringing the assets to their working condition.

Depreciation on all assets except freehold land and capital work-in-progress is taken to profit and loss account applying reducing balance method at the rates stated in fixed assets schedule. Depreciation is charged when asset is put into the use as intended by the management till asset is derecognized.

Gains / Losses on disposal of fixed asset are taken to profit and loss account. Normal repairs and maintenance are taken to profit and loss account as and when incurred. Major improvements and modifications are capitalized and the assets replaced, if any, other than those kept as stand-by, are retired.



The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the assets. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the period / year.

### **Capital work in progress**

Capital work in progress is stated at cost. 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 assets are available for use.

### **Intangible assets**

Intangible fixed assets are stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to income on straight line basis during the estimated useful life. The useful life is reviewed periodically to ensure that it is consistent with the expected pattern of economic benefits.

Amortization is charged from the month of acquisition and up to the month preceding the disposal respectively. Gain/loss on disposal of intangible assets is taken to profit and loss account.

Major improvements and modifications are capitalized. Minor repairs and replacements are taken to profit and loss account.

### **Leased assets**

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligation of leases is accounted for as liability. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Amortization is charged from the month of acquisition and up to the month preceding the disposal respectively. Gain/loss on disposal of intangible assets is taken to profit and loss account.

### **3.2- Stores, Spares and loose tools**

These are valued at moving average cost less allowance for obsolete and slow moving items except items-in-transit which are stated at cost accumulated to the balance sheet date.

### **3.3- Stock in trade**

Basis of valuation are as follows:

#### **Particulars**

#### **Raw materials**

- At mill
- In transit

#### **Work in process**

#### **Finished goods**

#### **Waste**

#### **Mode of Valuation**

- Weighted Average Cost
- At cost accumulated to the balance sheet date.
- At manufacturing cost.
- At lower of cost and net realizable value.
- At net realizable value.



Cost in relation to work in process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of annual average cost.

Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.

Net realizable value signifies the selling price in the ordinary course of business less Cost of completion and Cost necessary to be incurred to effect such sale.

**3.4- Trade debts & other receivables**

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

**3.5- Advances, deposits, prepayments and other receivables**

Advances, deposits, prepayments and other receivables are included in current assets, except for having maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

**3.6- Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand and balances with banks.

**3.7- Borrowings & borrowing cost**

Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost using the effective interest method.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

**3.8- Trade and other payables**

Trade and other payables are initially measured at cost, which is the fair value the consideration to be paid in future for goods and services, whether or not billed to the Company.

**3.9- Provisions**

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



### **3.10- Taxation**

#### **3.10.1 Current**

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and taxes rebate available, if any , or provisions of minimum tax However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

#### **3.10.2 Deffered**

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the tax base (the amount used for taxation purposes). In this regard, the effects on deferred taxation of the portion of income subject to final tax regime are also considered in accordance with the requirement of Technical release-27 of Institute of Chartered Accounts of Pakistan.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax credits can be utilized. Deferred tax liabilities are generally recognized for the taxable temporary differences, Deferred, tax assets and liabilities are based on the expected tax rates applicable at the time of reversal.

#### **3.11- Offsetting**

Financial assets and liabilities are off-set the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

#### **3.12- Revenue Recognition**

Sales are recorded on dispatch of goods to customers.  
Return on investments and deposit is accounted for on time proportion basis.  
Dividend incomes are accounted for when the right to receive is established.  
Gain on sale and lease-back transactions is deferred and is credited to Profit and Loss Account over the term.





	<u>Note</u>	<u>2023</u> <u>Rupees</u>	<u>2022</u> <u>Rupees</u>
<b>5- Intangible assets - software</b>			
Computer software license fee	5.1	<u>74,901</u>	<u>83,223</u>
<b>5.1- Computer software license fee</b>			
<b>Cost</b>			
Opening balance		156,600	156,600
Addition during the year		-	-
<b>Closing balance</b>		<u>156,600</u>	<u>156,600</u>
<b>Amortization</b>			
Opening balance		73,377	64,130
Charge for the year		8,322	9,247
<b>Closing balance</b>		<u>81,699</u>	<u>73,377</u>
<b>Written down value</b>		<u>74,901</u>	<u>83,223</u>
<b>Rate of Amortization</b>		10%	10%
<b>6- Long term deposits</b>			
Security deposit - MEPCO		<u>2,059,200</u>	<u>2,059,200</u>
It represents bank guarantee provided to MEPCO issued by National Bank of Pakistan City Branch, Multan against 100% cash margin.			
		<u>2023</u> <u>Rupees</u>	<u>2022</u> <u>Rupees</u>
<b>7- Stores, spares and tools</b>			
Stores		<u>1,148,980</u>	<u>135,200</u>
<b>8- Stock in trade</b>			
Raw material		26,297,600	51,802,433
Work in process		2,991,520	1,860,050
Finished goods		40,958,000	41,389,300
Packing material		2,180,200	680,200
Waste		2,518,900	742,500
		<u>74,946,220</u>	<u>96,474,483</u>
<b>9- Trade debtors - Considered good</b>			
Local - unsecured		<u>542,800</u>	<u>959,140</u>
<b>10- Advance, deposits and investments</b>			
Security deposit - office building		92,500	92,500
Short term investments		-	3,466,000
		<u>92,500</u>	<u>3,558,500</u>



	<u>2023</u> <u>Rupees</u>	<u>2022</u> <u>Rupees</u>
<b>11- Advance taxes</b>		
Advance sales tax	889,098	3,764,963
Advance income tax	<u>11,518,779</u>	<u>6,889,218</u>
	<u>12,407,877</u>	<u>10,654,181</u>

**12- Cash and bank balances**

Cash in hand	12,540	24,432
Cash at bank		
Current account	5,409,846	5,679,840
Deposit account	5,063	6,707
	<u>5,414,909</u>	<u>5,686,547</u>
	<u>5,427,449</u>	<u>5,710,979</u>

**13- Issued, subscribed and paid up capital**

**Number of shares**

2023	2022			
100,010	100,010	Ordinary shares of Rs. 1,000/- each issued to private sector fully paid in cash	100,010,000	100,010,000
59,746	59,746	Ordinary shares of Rs. 1,000/- each issued to Ministry of Industries, Govt. of Pakistan fully paid in cash	59,746,000	59,746,000
			<u>159,756,000</u>	<u>159,756,000</u>

**14- Deposit for shares**

It represents the deposit from private sector shareholders for the issuance of ordinary shares by the company.

	<u>2023</u> <u>Rupees</u>	<u>2022</u> <u>Rupees</u>
<b>15- Long term finance (LTF) - Secured</b>		
Balance as at July 01	-	2,500,000
Obtained during the year	-	-
	-	<u>2,500,000</u>
Repaid during the year	-	-
	-	2,500,000
Payable within one year	-	<u>(2,500,000)</u>
	-	-

It represents secured loan obtained from Bank Al Habib Limited Gulgasht Colony Branch, Multan under SBP Refinance Scheme for payment of salaries and wages of workers at 3% markup per annum and is payable in eight equal quarterly installments.



	<u>2023</u> <u>Rupees</u>	<u>2022</u> <u>Rupees</u>
<b>16- Trade and other payables</b>		
Trade creditors	505,568	852,640
Accrued liabilities	10,987,410	570,303
Advances from customers	29,955,182	58,875,294
Tax payable - deducted at source	-	2,724,038
Others	-	16,560,000
	<u>41,448,160</u>	<u>79,582,275</u>

**17- Taxation**

Opening balance	2,760,959	2,855,556
Add: Provision made during the year		
Current year	3,021,160	2,760,959
Prior year	-	286,677
	<u>5,782,119</u>	<u>5,903,192</u>
Less: Payments/Adjustments against completed assessments	<u>(2,760,959)</u>	<u>(3,142,233)</u>
	<u>3,021,160</u>	<u>2,760,959</u>

The income tax assessment of the company has been completed upto the tax year 2022.

**18- Contingencies and commitments**

There are no contingencies and commitments at the statement of financial position date.

	<u>Note</u>	<u>2023</u> <u>Rupees</u>	<u>2022</u> <u>Rupees</u>
<b>19- Sales - Net</b>			
Local			
Gross Sales		281,788,532	215,354,764
Sales Tax		<u>(41,839,432)</u>	<u>(31,290,864)</u>
		239,949,100	184,063,900
Export		<u>1,766,083</u>	-
		<u>241,715,183</u>	<u>184,063,900</u>

**20- Cost of sales**

Raw material consumed	20.1	114,077,645	51,534,034
Stores and spares consumed	20.2	2,011,898	1,617,820
Packing material consumed	20.3	5,977,219	3,758,760
Salaries, wages and benefits	20.4	14,696,880	13,204,445
Power and fuel		89,518,355	60,174,717
Communication		84,550	167,183
Rent expense		726,000	660,000
Repair and maintenance		476,740	435,987
Depreciation	4.1	11,641,249	10,883,371
Others		<u>861,471</u>	<u>3,166,073</u>
		<u>240,072,007</u>	<u>145,602,390</u>



**Adjustment of work in process**Opening stock  
Closing stock2023  
Rupees2022  
Rupees

1,860,050	2,580,030
(2,991,520)	(1,860,050)
(1,131,470)	719,980
<u>238,940,537</u>	<u>146,322,370</u>

**Cost of goods manufactured****Adjustment of finished goods**Opening stock  
Closing stock

41,389,300	73,456,400
(40,958,000)	(41,389,300)
431,300	32,067,100
<u>239,371,837</u>	<u>178,389,470</u>

**Adjustment of waste**Opening stock  
Closing stock

742,500	-
(2,518,900)	(742,500)
(1,776,400)	(742,500)
<u>237,595,437</u>	<u>177,646,970</u>

**20.1- Raw material consumed**Opening stock  
Add: Purchase during the year

Less: Closing stock

51,802,433	83,488,680
88,572,812	19,847,787
<u>140,375,245</u>	<u>103,336,467</u>
(26,297,600)	(51,802,433)
<u>114,077,645</u>	<u>51,534,034</u>

**20.2- Stores and spares consumed**Opening stock  
Add: Purchase during the year

Less: Closing stock

135,200	431,500
3,025,678	1,321,520
<u>3,160,878</u>	<u>1,753,020</u>
(1,148,980)	(135,200)
<u>2,011,898</u>	<u>1,617,820</u>

**20.3- Packing material consumed**Opening stock  
Add: Purchase during the year

Less: Closing stock

680,200	1,285,000
7,477,219	3,153,960
<u>8,157,419</u>	<u>4,438,960</u>
(2,180,200)	(680,200)
<u>5,977,219</u>	<u>3,758,760</u>



	<u>Note</u>	<u>2023</u> <u>Rupees</u>	<u>2022</u> <u>Rupees</u>
<b>20.4- Salaries, wages and benefits</b>			
Factory staff salaries		11,556,300	10,520,600
Staff welfare expenses		734,000	571,200
Travelling and conveyance		109,250	87,135
Mixing, packing and bale pressing charges		501,360	475,200
Vehicle running and maintenance		68,010	55,210
Labour electricity bill		575,420	528,387
Staff house rent		1,152,540	966,713
		<u>14,696,880</u>	<u>13,204,445</u>
<b>21- Distribution cost</b>			
Freight expenses		<u>595,420</u>	<u>505,740</u>
<b>22- Administrative expenses</b>			
Salaries and wages		1,245,360	1,119,984
Directors meeting expenses		84,000	55,200
Travelling and conveyance		95,403	72,270
Vehicle running and maintenance		261,450	205,409
Rent expense		642,050	563,750
Entertainment		44,380	55,874
Communication		205,160	236,383
Printing and stationery		176,900	156,936
Legal and professional charges		194,250	228,205
Auditors remuneration	22.1	100,000	100,000
Depreciation	4.1	237,577	222,110
Amortization	5.1	8,322	9,247
Repair and maintenance		42,130	28,490
Fee and subscriptions		30,600	39,000
Insurance		250,000	300,000
Market committee		9,500	7,700
Others		41,260	35,874
		<u>3,668,342</u>	<u>3,436,432</u>
<b>22.1- Auditors remuneration</b>			
Audit fee		85,000	85,000
Out of pocket expenses		15,000	15,000
		<u>100,000</u>	<u>100,000</u>
<b>23- Other operating expenses</b>			
Workers profit participation fund		224,006	212,313
Workers welfare fund		89,602	84,925
		<u>313,608</u>	<u>297,238</u>



	<u>Note</u>	<u>2023</u> <u>Rupees</u>	<u>2022</u> <u>Rupees</u>
<b>24- Other income</b>			
Profit from bank/deposits		455,955	3,342
Sale of scrape		3,195,360	1,575,400
Gain on foreign currency exchange		413,517	-
Misc income		825,000	650,000
		<u>4,889,832</u>	<u>2,228,742</u>
<b>25- Finance cost</b>			
Markup/Interest on SBP salary refinance scheme		-	348,838
Bank charges and commission		265,707	108,393
		<u>265,707</u>	<u>457,231</u>
<b>26- Taxation</b>			
Current year	26.1	3,021,160	2,760,959
Prior year		-	286,677
		<u>3,021,160</u>	<u>3,047,636</u>

26.1- Provision for current year taxation represents tax payable U/S 113 and 154 of the Income Tax Ordinance, 2001.

**27- Earning per share**

**Basic**

Profit for the year  
Number of share

1,145,341	901,395
159,756	159,756

Earning per share

7.17	5.64
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**28- Number of Employees**

137	135
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**29- General**

Figures have been rounded off to the nearest rupee.

**30- Date of authorization**

These financial statements have been authorized for issue on \_\_\_\_\_ by the board of directors of the Company.

Khawaja Muhammad Mansoor  
Chief Executive Officer  
**SPUN YARN**  
Research & Development  
Company (Pvt) Ltd.



Khawaja Muhammad Mansoor  
Director

Khawaja Muhammad Mansoor  
Director

**SPUN YARN**  
Research & Development  
Company (Pvt) Ltd.