

ANNUAL REPORT

2021





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COMPANY INFORMATION

BOARD OF DIRECTORS	MRS. MAHREEN GUL HASSAN (Chairperson) MR. JAVED ZAHUR (Chief Executive) MS. RABIA ZAHUR MS. IZZA ALI MR. NAZIR AKHTAR MR. KHAN MUHAMMAD MR. M. TANVEER
CHIEF FINANCIAL OFFICER	MR. M. QADEER
COMPANY SECRETARY	MS. RABIA ZAHUR
AUDITORS	M/S. ANWAR, TARIQ & CO., CHARTERED ACCOUNTANTS 1ST FLOOR, 84-B-I, GHALIB ROAD, GULBERG III, LAHORE-54660 PAKISTAN
LEGAL ADVISOR	MR. QAMAR-UZ-ZAMAN
AUDIT COMMITTEE	MR. KHAN MUHAMMAD MR. M. TANVEER MS. IZZA ALI
BANKERS	BANK AL-HABIB LIMITED HABIB METROPOLITAN BANK LIMITED MCB BANK LIMITED AL-BARAKA BANK
REGISTRAR	SHARES DEPARTMENT M/S. CORPLINK (PVT) LIMITED WINGS ARCADE, 1-K COMMERCIAL MODEL TOWN LAHORE. PHONE : (042) 35839182, 35887262 Fax: (042) 35869037
REGISTERED OFFICE & MILLS	94TH K.M. LAHORE - MULTAN ROAD NEAR PUL JAURIAN, AKHTARABAD, DISTT. OKARA, PAKISTAN.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31st AGM of the company will be held on 28th October 2021 at 11 a.m at Registered Office 94 Km. Multan Road, Akhtarabad, Distt: Okara to transact the following business.

ORDINARY BUSINESS

1. To confirm the minutes of the last AGM of the Company.
2. To receive, consider & adopt the audited accounts of the Company for the year ended June 30th, 2021 together with Chairperson's Review, Auditors' and Directors' report thereon.
3. To appoint & fix remuneration of Auditor for the year ending June 30th, 2022.

Any other business with the permission of the chair.

BY ORDER OF THE BOARD

Lahore:
5th October, 2021

Company Secretary

NOTES:

1. The share transfer book of the company will remain closed from 21st to 28th October 2021 (both days inclusive).
2. A member eligible to attend and vote, may appoint another member as proxy to attend and vote in the meeting proxies in order to be effective.
3. Share holders are requested to immediately notify the change in address, if any.

VISION STATEMENT

To pay off entire liabilities, use of spare building for warehousing especially to pay of Liabilities at the earliest.

QUALITY MISSION STATEMENT

- We aim at maintaining the full confidence of our customers and lenders.
- Our culture stresses on employees participation to achieve quality results.
- We believe in changing with change in market conditions and technology.
- We also believe in involving our employees in up-gradation of skill and participation.

CODE OF CONDUCT

Zahur Cotton Mills Limited, has laid down the following code of conduct, the observance of which is compulsory for all the directors and staff members of the company in the conduct of company's business in order to protect and safe guard the reputation and integrity of the company at all levels of its operations. The company will ensure that all the executives and subordinate staff members are fully aware of these standards and principles.

1. Conflict of Interest

All staff member are expected not to engage in a ny activity which can cause conflict between their personal interests and company's interests, such as:

- a. In effecting the purchases for the company and selling its products, the directors and the staff members are forbidden from holding any personal interest in any organization supplying goods or e-services to the company or buying its products.
- b. The staff members should not engage in any outside business while serving the company.
- c. Staff members are not permitted to conduct personal business in company's premises or use company's facilities for the same.
- d. If a staff member has direct or indirect relationship with an outside organization dealing with the company he must disclose the same to the management.

2. Confidentiality

All staff members are required not to divulge any secrets/information of the company to any outsider even after leaving the service of the comp any unless it is so required by a court of law. During the course of service in the company they should not disseminate any information relating to business secrets of the company without the consent of management.

3. Kickbacks

All staff members are strictly forbidden not to accept any favour, gifts or kick backs from any organization dealing with the company. In case if such a favour is considered, in the interest of the company, the same should be disclosed clearly to the management.

4. Proper Books of Account

All funds, receipts and disbursements should be properly recorded in the books of accounts of the company. No false or fictitious entries should be made or misleading statement pertaining to the company or its operations should be issued. All agreements with agents, dealers and consultants should be made in writing supported with required evidence.

5. Relationship with Government officials, suppliers, agents etc.

The dealings of the company with government officials, suppliers, buyers, agents and consultants of the company should always be such that the integrity of the company and reputation is not damaged. Members having queries, in connection with how to deal with these requirements, should consult the management.

6. Health and Safety

Every staff member is required to take care of his health and safety and of those working with him.

7. Environment

To preserve and protect the environment all staff members are required to operate the company's facilities and processes so as to ensure maximum safety of the adjoining communities, and strive continuously to improve environmental awareness and protections.

8. Alcohol, Drugs

All types of gambling and betting at the company's work places are strictly forbidden. Also bringing alcohols or drugs inside the work places are not allowed. If any staff member, not abiding by these prohibitions will cause serious disciplinary as well as penal action.

9. Coordination among staff members to maintain discipline

All staff members will work in close coordination with their co-workers, seniors and colleagues. Every member will cooperate with other members so that the company's work could be carried out effectively and efficiently. All cases of non-cooperation among staff members should be reported to the management for necessary and suitable action. Strict disciplinary action will be taken against those staff members who violate the rules and regulations of the company.

10. Work place harassment

All staff members will be provided an environment that is free from harassment and in which all employees are equally respected. Work place harassment means any action that creates an intimidating, hostile or offensive environment which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, we welcome you to the 31st Annual General Meeting of the Company and present to you the audited financial statements and Auditor's Report thereon for the year ended June 30, 2021. Financial Results are as follows: -

	2021	2020
	Rupees	Rupees
Loss before Tax	(5,016,955)	(5,758,276)
Taxation	391,737	391,737
Loss after Tax	(4,625,218)	(5,366,539)
Other Comprehensive Income/(Loss)	-	-
Total Comprehensive Loss for the year	(4,625,218)	(5,366,539)
Accumulated loss	(231,475,110)	(227,808,973)
Incremental Depreciation on Revaluation	959,081	959,081
Loss per Share	(0.47)	(0.54)

Performance Review

The year under review shows that the company has earned net loss of Rs.4,625,218/- after accounting for administrative expenses of Rs. 4,891,581/- including depreciation of Rs. 2,470,747 as compared to last corresponding year's net loss of Rs. 5,366,539/-. Due to the unfavourable market condition, old machinery and non availability of working capital, the operation of the Company remained closed during the year under consideration.

Delisting from Pakistan Stock Exchange

The Company has also applied for Voluntarily Delisting from the Pakistan Stock Exchange on 8th May, 2017 but decision is still pending.

Dividend

No dividend has been declared by the company during the year due to loss

Compliance with Corporate Governance

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in its Listing Regulations, relevant for the year ended June 30, 2021 have been opted by the Company and have been complied with. A statement to this effect is annexed with the report.

In compliance with the provisions of the Code, the Board members are pleased to place the following statement on record:

The financial statements for the year ended June 30, 2021 present fairly its, state of affairs, the results of its operations, cash flow and changes in equity;

Proper books of accounts have been maintained;

Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2021 accounting estimates are based on reasonable and prudent judgment;

International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements; The system of internal control is sound in design and has been effectively implemented and monitored;

There has been no material departure from the best practices of corporate governance, as detailed in listing regulations;

Almost half number of directors of the Company are exempt from the Directors' training program due to 14 years of education and 15 years of experience on the board of listed companies.

The Board of Directors has established an efficient system of internal financial controls, for ensuring effective and efficient conduct of operations, safeguarding of Company assets, compliance with applicable laws and regulations, and reliable financial reporting.

There has been some non compliance with best practices of corporate governance, as detailed in the listing regulations which has been disclosed in Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulation 2019;

Information about taxes and levies is given in the notes to and forming part of financial statements.

Board of Directors

The members of the Company elected new board in extraordinary general meeting for a term of three years. The composition of the Board is as follows:

a. Male: 4

b. Female: 3

Independent: 2

Non-executive Directors: 3

Executive Directors: 2

During the year, four (4) Meeting of the Board of Directors were held. Attendance by each Director at the Board Meetings as under:-

Name of Directors	Meetings Attended
Mrs. Mukamila Javed	2
Mr. Javed Zahur	4
Miss Rabia Zahur	4

ZAHUR COTTON MILLS LIMITED

Name of Directors	Meetings Attended
Mr. Nazir Akhtar	4
Mr. Khan Muhammad	4
Mr. Tanveer Ahmed	4
Mrs. Mehreen Gul Hassan	4
Ms. Izza Ali	2

Pattern of shareholding is annexed (same as per last year).

COMMITTEES OF THE BOARD

Audit Committee

The audit committee (AC) reviews the annual, half yearly and quarterly financial statements, and information before dissemination to Pakistan Stock Exchange and proposes appointment of the external auditors for approval of the shareholders, apart from other matters of significant nature. The AC holds its meeting prior to the Board meeting. A total of four meetings of Audit Committee were held during the year under review. It includes statutory meeting with external auditors before start of annual audit.

Name of Directors	Designation	No. of Meeting Held	No. of Meeting Attended
Mr. Nazir Akhtar	Chairman	4	4
Ms. Rabia Zahur	Member	4	4
Mr. Tanveer Ahmed	Member / Secretary	4	4

HR & Remuneration Committee:

Name of Directors	Designation	No. of Meeting Held	No. of Meeting Attended
Mehreen Gul Hassan	Chairperson	1	1
Javed Zahur	Member	1	1
Mr. Tanveer Ahmed	Member / Secretary	1	1

The Human Resource and Remuneration Committee is performing its duties in line with its terms of reference as determined by the Board of Directors.

DIRECTORS' REMUNERATION

The Company has an approved Director Remuneration policy

Aggregate amount of the remuneration paid to Chief executive, executive directors and non-executive directors have been disclosed in Note 23 of the annexed financial statements.

RISK MANAGEMENT

It is our policy to view risk management as integral to the creation, protection and enhancement of shareholder value by managing the significant uncertainties and risks that could possibly influence the achievement of our corporate goals and objectives.

TRANSACTION / TRADE OF COMPANY'S SHARE

Directors, CEO, CFO, Company Secretary and their spouses and minor children have made no transaction in the company's shares during the year except as disclosed in the pattern of shareholding (if any).

Health, Safety and Environment:

We work continuously to ensure that our employees work in a safe and healthy working environment.

Appointment of Auditors

The Audit Committee and Board of Directors have recommended appointment of M/s. Arshad Raheem & Co, Chartered Accountants, as auditors of the Company for the financial year ending June 30, 2022.

Reply to Auditor's Observations (points a,b and c)

The auditors have raised doubts regarding the Company's ability to continue business as a going concern due to the working capital constraints, closure of business operations since long and unfavorable business conditions. The management is hopeful that the favorable business opportunities will be found in the near future which will enable the company to come out of this situation. We are further confident that continued support from directors / sponsors / other related parties will enable the company to remove working capital constraints. The management very briefly explained in note 3.1 to the financial statements mitigating factors that are in company's favour to be going concern in foreseeable future.

The qualification in audit report regarding trade creditors, accrued liabilities and advances from customers are the balances as on June 30, 2021. The company is planning to restart the operations after getting delisted from Pakistan Stock Exchange. These liabilities will be settled in full once the Company earns sufficient income either from its ordinary operations or rental business. We requested legal advisor to reply the auditors direct confirmation, however, he had not replied till the date of authorization of financial statements.

Future Prospect

The management is confident to restart its production and commercial activities in future subject to favorable conditions. The company intends to repay its partial liabilities on the restart of the operations and in the process of delisting from the stock exchange. Management is endeavoring to resume the production of the Company as soon as conditions get better in near future and funds have been arranged.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2021 and its disclosure, as required by the Code of Corporate Governance is annexed with this report.

FINANCIAL HIGHLIGHTS

The key financial highlights for the last 6 years performance of the Company are available in this report.

Subsequent Events

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

ACKNOWLEDGEMENTS

The Chief Executive and Directors are grateful to the Company's shareholders and lenders for their support and guidance.

For and on behalf of the Board

Javed Zahur
(Director / Chief Executive)
Lahore
July 14, 2021

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم کمپنی کے اکتیسویں (31 ویں) سالانہ اجلاس عام میں آپ کو خوش آمدید کہتے ہیں اور 30 جون 2021ء کو اختتام پذیر سال کے لئے کمپنی کی پڑتال شدہ مالیاتی اسٹیٹمنٹس اور ان پر آڈیٹرز کی رپورٹ ازراہ مسرپیش کرتے ہیں۔ مالیاتی نتائج حسب ذیل ہیں:

2020ء	2021ء	
		روپے
(5,758,276)	(5,016,955)	خسارہ بمعدہ ٹیکس
391,737	391,737	ٹیکسیشن
(5,366,539)	(4,625,218)	خسارہ علاوہ ٹیکس
-	-	دیگر جامع آمدنی/(خسارہ)
(5,366,539)	(4,625,218)	کل جامع خسارہ برائے سال
(227,808,973)	(231,475,110)	برداشت خسارہ
959,081	959,081	قیمت کے تعین پر بروہتی ہوئی فرسودگی
(0.54)	(0.47)	خسارہ فی حصص

کارکردگی کا جائزہ

زیر جائزہ سال ظاہر کرتا ہے کہ کمپنی نے -/4,891,581 روپے کے انتظامی اخراجات اور 2,470,747 روپے فرسودگی کے تصفیہ کے بعد -/4,625,218 روپے کا خالص خسارہ برداشت کیا جب کہ گذشتہ برس کی اسی مدت میں -/5,366,539 روپے کا خالص خسارہ برداشت کیا گیا۔ منڈی کے نامساعد حالات، پرانی مشینری اور سرمایہ کی عدم دستیابی کے باعث کمپنی کے آپریشن زیر جائزہ سال کے دوران بند رہے۔

پاکستان شاک آپیکھچ سے اخراج

کمپنی نے 08 مئی 2017ء کو پاکستان شاک آپیکھچ سے رضا کارانہ طور پر اخراج کے لئے درخواست دی لیکن فیصلہ ابھی زیر التوا ہے۔

منافع منقسمہ

خسارہ کی وجہ سے سال بھر میں کمپنی نے منافع منقسمہ کا اعلان نہ کیا ہے۔

کارپوریٹ گورننس کی تعمیل

30 جون 2021ء کو اختتام پذیر سال کے لئے متعلقہ لسٹنگ ریگولیشنز میں پاکستان شاک آپیکھچ کی جانب سے مرتب کردہ کوڈ آف کارپوریٹ گورننس کے معیارات کو کمپنی نے اپنایا ہے اور اس کی تعمیل کی ہے۔ اس تناظر میں ایک بیان رپورٹ کے ساتھ منسلک ہے۔

ضابطہ کے قواعد کی پیروی میں بورڈ اراکین مندرجہ ذیل بیان ریکارڈ پر رکھنا چاہتے ہیں۔

کمپنی کی انتظامیہ کی تیار کردہ مالیاتی اسٹیٹمنٹس نصف میں تبدیلی، کیش فلو، آپریشنز اور کاروباری امور کی بہترین عکاسی کرتی ہیں۔

کمپنی کے کھاتوں کی باقاعدہ کتابیں تیار کی گئی ہیں۔

30 جون 2021ء کو اختتام پذیر سال کے لئے مالیاتی اسٹیٹمنٹس کی تیاری میں موافق اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات موزوں فیصلوں کی بنیاد پر لگائے گئے ہیں۔

مالیاتی اسٹیٹمنٹس کی تیاری میں پاکستان میں رائج بین الاقوامی اکاؤنٹنگ معیارات (IAS) کی پیروی کی گئی ہے اور اس میں کسی بھی قسم کے ستم کو مناسب انداز میں ظاہر اور واضح کیا گیا ہے۔

داخلی نظم و ضبط ایک مربوط نظام موجود ہے اور اس کو موثر انداز میں لاگو اور مانیٹر کیا جاتا ہے۔

لسٹنگ ضوابط میں بیان کردہ کارپوریٹ گورننس کی بہترین عمل داری میں کوئی ستم موجود نہ ہے۔

تعلیم کے چودہ برس اور لسٹنگ کمپنیز کے بورڈ میں 15 سالہ تجربہ ہونے کے باعث کمپنی کے تقریباً نصف ڈائریکٹرز بتی پروگرام سے مستفیع ہیں۔

آپریشنز پر عمل درآمد کمپنی کی اثاثہ جات کے تحفظ، موجود قوانین و ضوابط کی تعمیل اور قابل بھروسہ مالیاتی رپورٹنگ کو یقینی بنانے کے لئے بورڈ نے داخلی مالیاتی کنٹرول کا موثر نظام قائم کیا ہے۔

لسٹنگ ریگولیشنز میں کارپوریٹ گورننس کی بہترین عمل داری میں کافی اہم موجود ہے جسے لسٹنگ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء کے تعمیلی بیان کو نمایاں کیا گیا ہے۔

ٹیکس اور لیویز کی معلومات نوٹس میں دی گئی ہیں جنہیں مالیاتی اسٹیٹمنٹس کا حصہ بنایا گیا ہے۔

بورڈ آف ڈائریکٹرز

کمپنی کے اراکین نے غیر معمولی اجلاس عام میں عرصہ تین سال کے لئے نئے بورڈ کا انتخاب کیا ہے۔ بورڈ کی ترکیب حسب ذیل ہے:

a.	مرد	4
b.	خاتون	3
	خود مختار	2
	نان-ایگزیکٹو ڈائریکٹرز	3
	ایگزیکٹو ڈائریکٹرز	2

سال بھر میں بورڈ آف ڈائریکٹرز کے چار (04) اجلاس منعقد ہوئے۔ بورڈ اجلاس میں ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

نام ڈائریکٹرز	اجلاس میں حاضری
مسز مکملہ جاوید	2
مسٹر جاوید ظہور	4
مس ربیعہ ظہور	4
مسٹرنذیر اختر	4
مسٹر خان محمد	4
مسرتونویر احمد	4
مسز مہرین گل حسن	4
مس اعجاز علی	2

(گزشتہ برس کی طرح) شیئر ہولڈنگ کی وضع لف ہوا ہے۔

بورڈ کمیٹیاں

آڈٹ کمیٹی

آڈٹ کمیٹی (AC) سالانہ، نصف سالہ اور سہ ماہی مالیاتی اسٹیٹمنٹس اور پاکستان سٹاک ایکسچینج سے اختلاف کی معلومات اور اہم نوعیت کے معاملات کے علاوہ تھیس داران کی منظوری کے لئے بیرونی آڈیٹرز کی مجوزہ تقرری پر نظر ثانی کرتی ہے۔ آڈٹ کمیٹی بورڈ اجلاس سے قبل اپنے اجلاس منعقد کرتی ہے۔ زیر جائزہ سال کے دوران آڈٹ کمیٹی کے کل چار اجلاس منعقد ہوئے۔ اس میں سالانہ آڈٹ کے آغاز سے قبل بیرونی آڈیٹرز کے ساتھ بھی ایک باضابطہ اجلاس شامل ہے۔

نام ڈائریکٹر	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
مسٹرنذیر اختر	چیئر مین	4	4
مس ربیعہ ظہور	رکن	4	4
مسرتونویر احمد	رکن / سیکریٹری	4	4

HR اینڈ ریمونڈیشن کمیٹی

نام ڈائریکٹر	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
مہرین گل حسن	چیئر پرسن	1	1
جاوید ظہور	رکن	1	1
مسٹرنذیر احمد	رکن / سیکریٹری	1	1

HR اینڈ ریمونڈیشن کمیٹی

بورڈ آف ڈائریکٹرز کی جانب سے متعین کردہ شرائط و ضوابط کی پیروی میں ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی اپنے فرائض سرانجام دے رہی ہے۔

ڈائریکٹرز کا معاوضہ

کمپنی ایک منظور شدہ ڈائریکٹریہوزیشن پالیسی کی حامل ہے۔

چیف ایگزیکٹو، ایگزیکٹو ڈائریکٹرز اور نان-ایگزیکٹو ڈائریکٹرز کو ادا شدہ معاوضہ کی کل مالیت منسلک مالیاتی اسٹیٹمنٹس کے نوٹ 23 میں ظاہر کیا گیا ہے۔

رسک مینجمنٹ

نمایاں بے یقینی کی صورت حالت اور خطرات پر قابو پا کر شیزر ہولڈرز کی قدر میں اضافہ، قیام اور تحفظ کو رسک مینجمنٹ پالیسی کا لازمی جزو قرار دیا گیا ہے۔

کمپنی کے حصص میں لین دین/تجارت

ڈائریکٹرز، CFO، CEO، کمپنی سیکریٹری اور ان کے اہلیان اور نابالغ بچے سال بھر میں کمپنی کے حصص میں لین دین شامل نہ تھے ماسوائے ان کے جنہیں شیزر ہولڈنگ کی وضع میں ظاہر کیا گیا

ہے۔ (اگر کوئی ہیں)

صحت، تحفظ اور ماحول

ہم بے یقینی بنانے کے لئے مسلسل کام کر رہے ہیں کہ ہمارے ملازمین محفوظ اور صحت افزا ماحول میں کام کریں۔

آڈیٹرز کی تقرری

آڈٹ کمپنی اور بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو اختتام پذیر سال کے لئے میسرز ارشد رحیم اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی بطور کمپنی آڈیٹرز تقرری کی سفارش کی ہے۔

آڈیٹرز کے تحفظ پر جواب (نکات a اور c)

آڈیٹرز نے سرمایہ میں کمی، عرصہ دراز سے کاروباری معاملات کی بندش اور نامساعد کاروباری حالات کے باعث کمپنی کے کاروبار جاری رکھنے کی صلاحیت پر شکوک و شبہات کا اظہار کیا ہے۔ انتظامیہ پر عزم ہے کہ مستقبل قریب میں موافق کاروباری مواقع میسر آئیں گے جس کی مدد سے کمپنی ان مشکل حالات سے نکل آئے گی۔ ہمیں قوی امید ہے کہ ڈائریکٹرز/سپانسرز/دیگر متعلقہ فریقین کی مدد سے کمپنی سرمایہ میں کمی کے مسئلہ پر قابو پالے گی۔ انتظامیہ نے مالیاتی اسٹیٹمنٹس کے نوٹ 3.1 میں کمپنی کے حق میں تدارکی عوامل، جو مستقبل میں کاروبار جاری رکھنے میں مدد و معاون ثابت ہوں گے، کو بیان کیا ہے۔

30 جون 2021 کو تجارتی قرض دہندگان، واجبات اور صارفین سے پیشگی زر کی بابت آڈٹ رپورٹ کا نتیجہ متوازن رقوم ہیں۔ آپ کی کمپنی پاکستان سٹاک ایکسچینج سے اخراج کے بعد اپنے آپریشنز کو دوبارہ آغاز کرنے کا ارادہ رکھتی ہے۔ یہ واجبات کلی طور پر ادا کر دیئے جائیں گے جب کمپنی اپنے معمول کے آپریشنز اور کرایہ کے کاروبار سے مناسب آمدنی حاصل کرنا شروع کر دے گی۔ ہم نے قانونی مشیروں کو آڈیٹرز کی براہ راست تصدیق کا جواب دیا ہے تاہم مالیاتی اسٹیٹمنٹس کی توثیق تک ہمیں کوئی جواب نہ ملا ہے۔

مستقبل کے امکانات

موافق حالات سے مشروط انتظامیہ اپنی پیداوار اور تجارتی سرگرمیوں کا آغاز کرنے کے لئے پرامید ہے۔ کمپنی آپریشنز کے دوبارہ آغاز پر جزوی واجبات کی ادائیگی کا ارادہ رکھتی ہے اور سٹاک ایکسچینج سے اخراج کا عمل بھی جاری ہے۔ مستقبل قریب میں حالات بہتر ہونے اور فنڈز کے انتظام کے بعد انتظامیہ کمپنی کے کاروباری امور کا آغاز کرنے کے لئے کوشاں ہے۔

شیزر ہولڈنگ کی وضع

کوڈ آف کارپوریشن گورننس کے مطابق 30 جون 2021 کو شیزر ہولڈنگ کی وضع رپورٹ کے ساتھ منسلک ہے۔

اہم مالیاتی نکات

کمپنی کی گذشتہ 6 برس کی مالیات کے اہم نکات رپورٹ ہذا میں دستیاب ہیں۔

مابعد معاملات

مالیاتی سال کے اختتام اور تاریخ رپورٹ ہذا کے دوران کمپنی کی مالیاتی حالت پر اثر انداز ہونے والی مادی تبدیلیاں اور عزم ظاہر نہیں ہوئے ہیں۔

اعترافات

چیف ایگزیکٹو اور ڈائریکٹرز کمپنی کے حصص داران اور قرض خواہان کی مدد اور رہنمائی کے شکرگزار ہیں۔

منجانب/ برائے بورڈ

جاوید ظہور

(ڈائریکٹر/چیف ایگزیکٹو)

لاہور

14 جولائی، 2021

CHAIRPERSON'S REVIEW

I am pleased to present the Annual Review of the Company's performance, and the Audited Financial Statements for the year ending 30th June 2021.

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of Directors of Zahur Cotton Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

Financial indicators and significant events of the year have been made available to you over the fiscal year 2020-2021. During the course of the year, the board has reviewed, discussed and approved the financial statements and all the supporting documentation after thorough deliberation and critical analysis. The board has ensured that every board member has had an adequate opportunity to present their opinions on all operational and strategic matters of the Company.

Your Company is closed since long time and operations remained suspended during the year. The Company premises could not rented out.

Communication with the shareholders is given high priority. Annual, half yearly and quarterly accounts are circulated to them within the time specified in the Companies Act, 2017. The Company also has a website, which contains up to date information on Company's activities and financial reports. All Company's Reports are also posted on Pakistan Stock Exchange (PSX) website through its concerned department on PSX. Every opportunity is given to the individual shareholder to attend and ask freely the question about the Company affairs at the Annual General Meeting.

Pursuant to the updated Code of Corporate Governance, the Company is trying to ensure full compliance of the Code of Corporate Governance. These steps will undoubtedly improve board development, remuneration processes, accountability, audit, and relations with Shareholders. However, there are a few non-compliances which are disclosed in the statement of compliance of CCG regulation 2019. Your Company has planned to file an application to the Commission under regulation No. 38 of the Regulation for the grant of relaxation from the requirement of the Regulations.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

The Board would like to thank all of their stakeholders and suppliers of the Company for their valuable support and sheer confidence. Such confidence has allowed the Company to perform in a difficult time.

Mahreen Gul Hassan
Chairperson
Lahore
July 14, 2021

چیرمین کا تجزیہ

میں 30 جون 2021ء کو اختتام پذیر سال کے لئے پڑتال شدہ مالیاتی گوشواروں اور کمپنی کی کارکردگی کا سالانہ جائزہ ازراہ مسرت پیش کرتا ہوں۔ لیکچرینز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء کے تحت درکار ظہور کاٹن ملز لیمیٹڈ کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ عمل میں لایا گیا۔ اس تجزیہ کا مقصد یہ یقینی بنانا ہے کہ کمپنی کے طے شدہ مقاصد کے تناظر میں توقعات کے برعکس بورڈ کی مجموعی کارکردگی اور تاثیر کا جائزہ لیا جائے۔

مالیاتی سال 2020-2021 کے دوران مالیاتی اشاریے اور سال بھر کے اہم اینڈس میسر رہے۔ سال کے دوران بورڈ نے متواتر غور و فکر اور تنقیدی جائزہ کے بعد مالیاتی گوشواروں اور تمام متعلقہ دستاویزات پر نظر ثانی اور تبادلہ خیال کیا ہے اور ان کی منظوری دی ہے۔ بورڈ نے یقینی بنایا ہے کہ بورڈ کا ہر رکن کمپنی کے تمام فعالی اور سٹریٹجک معاملات پر اپنی رائے دینے کا مناسب موقع دیا جائے۔

آپ کی کمپنی کافی عرصہ سے بند پڑی ہے اور سال بھر میں آپریشنز معطل رہے۔ کمپنی کے احاطہ کو بھی کراہیہ پر نہیں دیا جاسکتا۔

شیر ہولڈرز کے ساتھ رابطہ سازی کو بہت زیادہ ترجیح دی گئی ہے۔ سالانہ، نصف سالہ اور سہ ماہی کھاتے تکمیلز ایکٹ 2017ء کے تحت مقررہ وقت میں تقسیم کئے گئے ہیں۔ کمپنی کی ایک ویب سائٹ بھی ہے جس میں کمپنی کی سرگرمیوں اور مالیاتی رپورٹس کی تازہ ترین معلومات موجود ہیں۔ کمپنی کی تمام رپورٹس بھی پاکستان سٹاک ایکسچینج (PSX) کی ویب سائٹ کے متعلقہ شعبہ میں کمپنی کی تمام رپورٹس شائع کر دی گئی ہیں۔

ترمیم شدہ کوڈ آف کارپوریٹ گورننس کی پیروی میں، کمپنی کوڈ آف کارپوریٹ گورننس کی کلی تعمیل کو یقینی بنانے کی کوشش کر رہی ہے۔ یہ اقدامات بورڈ کی ترقی، مشاہیرہ کے عمل، جواب دہی، آڈٹ اور شیر ہولڈرز کے ساتھ تعلقات میں بلا شک و شبہ بہتری لائیں گے۔ تاہم، CCG ریگولیشن 2019ء کے تعمیلی بیان میں عدم تعمیل کی چند حالتیں بیان کی گئی ہیں۔ آپ کی کمپنی ضابطہ کے ریگولیشن نمبر 38 کے تحت کمیشن کو درخواست دائر کرنے کا ارادہ رکھتی ہے تاکہ ضوابط کے معیارات سے تساہل مل سکے۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے بورڈ اور اس کے کمیٹی اجلاسوں سے قبل مناسب وقت میں ایجنڈا اور دیگر تحریری مواد کو وصول کیا ہے۔ بورڈ اپنی ذمہ داریوں کی مناسب انجام دہی کے لئے گاہے بگاہے اجلاس طلب کرتا ہے۔ نان ایگزیکٹو اور خود مختار ڈائریکٹرز اہم فیصلوں میں مساوی شمولیت اختیار کرتے ہیں۔

بورڈ اپنے تمام سٹیک ہولڈرز اور کمپنی کے سپلائرز کی گراں قدر حمایت اور بھروسہ رکھنے پر شکر گزار ہے۔ اسی اعتماد کے باعث کمپنی مشکل وقت میں کارکردگی دکھانے کے قابل ہوئی ہے۔

مہرین گل حسن
چیرمین
لاہور

ZAHUR COTTON MILLS LIMITED

SIX YEARS FINANCIAL DATA AT GLANCE

PARTICULARS	FOR THE YEAR ENDED JUNE 30,						
	2021	2020	2019	2018	2017	2016	2015
TRADING RESULTS							
Other Income	-	10,000	6,569,205	3,126,141	9,193,785	14,115,962	3,877,556
Operating (Loss) / Profit	(5,016,581)	(5,757,713)	(790,785)	(1,898,198)	4,834,078	10,056,829	(2,216,636)
(Loss) / Profit before tax	(5,016,955)	(5,758,276)	(790,785)	(1,898,198)	4,834,078	10,056,829	(2,216,636)
(Loss) / Profit after tax	(4,625,218)	(5,366,539)	(1,808,799)	(2,214,814)	2,882,001	8,012,192	(2,255,412)
BALANCE SHEET							
Share Capital	98,600,000	98,600,000	98,600,000	98,600,000	98,600,000	98,600,000	98,600,000
Accumulated Loss	(231,475,110)	(227,808,973)	(223,401,515)	(222,551,797)	(221,285,413)	(224,557,028)	(232,569,220)
Non-Current Liabilities	(11,269,376)	(11,661,113)	(12,052,850)	(128,317,980)	(129,365,367)	(117,428,715)	119,357,215
Operating Fixed Assets	68,913,148	71,383,895	73,854,642	76,347,889	78,803,636	17,318,872	18,438,801
Net Current Liabilities	(125,264,413)	(122,718,205)	(119,430,676)	(4,186,726)	(3,380,271)	(5,849,155)	(13,052,776)
FINANCIAL RATIOS							
(Loss)/Earnings per share	(0.47)	(0.54)	(0.18)	(0.22)	0.29	0.81	(0.23)
Dividend per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil



Anwar, Tariq & Co.

Chartered Accountants

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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS
OF
ZAHUR COTTON MILLS LIMITED
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Zahur Cotton Mills Limited (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Sr. No	Paragraph Reference	Description
1	2	Independent directors are not selected in the manner as prescribed
2	9	The Company has not made appropriate arrangements for orientation of their Directors.
3	9	The Board has not acquired certification under directors' training program.
4	10	Head of internal audit is not suitably qualified as prescribed and CFO has not been appointed.
5	15	The Company has appointed Ms. Rabia Zahur as head of internal audit whereas she is also holding position of director in the Company.

**LAHORE
JULY14, 2021**

Anwar Tariq & Co
ANWAR, TARIQ & CO.
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER: Muhammad Shahid

**Statement of Compliance with Listed Companies (Code of Corporate Governance)
Regulations, 2019 of Zahur Cotton Mills Limited
For the year ended June 30, 2021**

The Company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are seven as per the following,-
 - a. Male: 4
 - b. Female: 3
2. The composition of the Board is as follows:

Independent Director**	Nazir Akhtar
	Khan Muhammad
Non-Executive Directors	Izza Ali
	Rabia Zahur
	Mehreen Gul Hassan
Executive Director	Javed Zahur
	Tanveer Ahmed
Female Director	Izza Ali
	Rabia Zahur
	Mehreen Gul Hassan

**Fraction (0.33) related to the requirement for number of independent directors is less than 0.5 and therefore, has not rounded up as one.

**Independent directors are not selected in the manner as prescribed.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. *The board has arranged directors' training program.
No director has attained directors' training certification during the year.
10. The Board has approved appointment of *head of internal auditor and Company Secretary, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
*Head of internal audit is not suitably qualified as prescribed and CFO has not been appointed because the unit is closed.
11. Chief Executive Officer duly endorsed the financial statements before approval of the Board.
There is no CFO, therefore, these financial statements have not endorsed by him.
12. The Board has formed committees comprising of members given below:-

a) Audit Committee	Chairman	Mr. Khan Muhammad
	Member	Mr. Tanveer Ahmed
	Member/ secretary	Ms. Izza Ali
b) HR & Remuneration Committee	Chairperson	Mehreen Gul Hassan
	Member	Javed Zahur
	Member / secretary	Mr. Tanveer Ahmed

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/ half yearly/ yearly) of the committee were as per following:-
- | | |
|----------------------------------|---|
| a) Audit Committee | 5 |
| b) HR and Remuneration Committee | 1 |
15. The Board has set-up an effective internal audit function. The staff members considered are suitably qualified and experienced for the purpose and are conversant with the policies and procedure of the company.
- No director on the Board shall be appointed, in any capacity, in the internal audit function of the Company. Whereas, Ms. Rabia Zahur is Director of the Company and is also head of internal audit.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services, except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirements, other than Regulations 3, 6, 8, 27, 32, 33 and 36 are below :

Sr. No.	Description	Explanation
1	Independent directors are not selected in the manner as prescribed under the Companies Act., 2017	The board has assessed that independent directors will be selected as prescribed under Companies Act., 2017 in forthcoming election of board
2	Head of internal audit is not suitably qualified as prescribed under Regulation 23 of the Regulation and CFO has also not been appointed.	Board has assured appointment of qualified internal audit head and CFO after restart of operations
3	Company has not made appropriate arrangements for orientation of their directors as required under Regulation 18 of the Regulations.	Board of Directors intends to arrange orientation of directors of the Company during the future years.
4	The board has not acquired certificate under directors training program as required under Regulation 19 of the Regulations.	Company has closed its operations and has applied for delisting from Pakistan Stock Exchange and hopeful for getting delisted. But, BOD has plan for directors' training during the future years.
5	No director on the Board shall be appointed, in any capacity, in the internal audit function of the Company as required under Regulation 31(3) of the Regulations	The Board has assured the qualified person shall be appointed in accordance with the requirement of the Regulations after restart of operations

 Signature
Chairperson
Lahore
July 14, 2021



Anwar, Tariq & Co.
Chartered Accountants

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ZAHUR COTTON MILLS LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Adverse Opinion

We have audited the annexed financial statements of **Zahur Cotton Mills Limited** (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss account and other comprehensive income, the statement of changes in equity, the 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 purposes of the audit.

In our opinion, because of the significance of the matter discussed in 'Basis for Adverse Opinion' section of our report, the statement of financial position, the statement of profit or loss account and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

- a) As discussed in Note 2.1 to the annexed financial statements, the Company has incurred net loss of Rs.4.625 million for the year ended June 30, 2021 and has accumulated losses of Rs.231.475 million as at June 30, 2021. Furthermore, its total liabilities exceed its total assets by Rs.67.552 million and current liabilities exceed its current assets by Rs. 125.264 million as at June 30, 2021 resulting in liquidity problems. Further, the Company has disposed-off almost all the plant and machinery related to production and the operations of Company ceased and these operations remained suspended during the year and the Company has also applied for Voluntarily Delisting from the Pakistan Stock Exchange on May 08, 2017 but decision is still pending. The above explained facts and conditions indicate the existence of a significant uncertainty on the company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. This situation indicates that the Company is no longer a going concern, the financial statements of the Company shall be prepared on a basis other than a going concern. However, the Company has prepared its financial statements on going concern basis. Had these financial statements been prepared on basis other than going concern, many elements in the accompanying financial statements would have been materially affected. The effects on the financial statements have not been determined;
- b) In the absence of legal advisor confirmation we were unable to verify the status of cases or other litigation, if any, involving the Company;
- c) We were unable to verify the existence and valuation of trade creditors, accrued liabilities and advances from customers amounting to Rs. 2.788 million, Rs. 6.429 million and Rs. 1.602 million respectively as at June 30, 2021 and the movement therein during the year, appearing in Note 10 to the financial statements, in the absence of direct confirmation and other alternative audit procedures.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standard 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 adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matters described in the Basis for Adverse opinion section, we have determined that there are no other key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2021, but does not include the financial statements and our auditor's 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 misstatement, whether due to fraud or 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.

Auditor's 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 misstatement, whether due to fraud or error, and to issue an auditor's 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 risks 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 omissions, 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 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 the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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 represent 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.

ZAHUR COTTON MILLS LIMITED

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- a) except for the matter described in 'Basis for Adverse Opinion' section, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) because of the matter described in 'Basis for Adverse Opinion' section, the statement of financial position, the statement of profit or loss account and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) however, the same are in agreement with the books of account and returns;
- c) except for matter described in 'Basis for Adverse Opinion' section, investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Shahid.

LAHORE
JULY 14, 2021

Anwar Tariq & Co.
ANWAR, TARIQ & CO.
CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2021

	NOTE	2021 Rupees	2020 Rupees
Share capital and reserves			
Authorized Capital 20,000,000 (2020: 20,000,000) Ordinary Shares of Rs.10 each		200,000,000	200,000,000
Share capital			
Issued, subscribed and paid up capital	6	98,600,000	98,600,000
Capital reserves			
Share deposit money	7	20,066,240	20,066,240
Surplus on revaluation of property, plant and equipment - net of tax	8	45,256,439	46,215,520
Revenue reserve			
Accumulated loss		(231,475,110)	(227,808,973)
Total Shareholders' Equity		<u>(67,552,431)</u>	<u>(62,927,213)</u>
Non-Current Liabilities			
Deferred tax liability	9	11,269,376	11,661,113
Current Liabilities			
Trade and other payables	10	10,819,817	8,936,319
Short term borrowings	11	114,584,161	114,584,161
Provision for taxation		-	-
		125,403,978	123,520,480
Contingencies and Commitments	12	-	-
		<u>69,120,923</u>	<u>72,254,380</u>
Assets			
Non-Current Assets			
Property, plant and equipment	13	68,913,148	71,383,895
Long term deposits		68,210	68,210
		<u>68,981,358</u>	<u>71,452,105</u>
Current Assets			
Income tax refunds due from the government		1,912	1,200
Cash and bank balances	14	137,653	801,075
		139,565	802,275
		<u>69,120,923</u>	<u>72,254,380</u>
The annexed notes from 1 to 32 form an integral part of these financial statements.			

Statement under section 232(1) of the Companies Act, 2017:

Currently, no one is acting as Chief Financial Officer, therefore, these Financial Statements have been signed by Chief Executive and Director only.

CHIEF EXECUTIVE

DIRECTOR

ZAHUR COTTON MILLS LIMITED

STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE, 2021

	Note	2021 Rupees	2020 Rupees
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses	15	(4,891,581)	(5,642,713)
Other operating charges	16	(125,000)	(125,000)
Other income	17	-	10,000
Operating loss		(5,016,581)	(5,757,713)
Finance cost	18	(374)	(563)
Loss before taxation		(5,016,955)	(5,758,276)
Taxation	19	391,737	391,737
Loss after tax for the year		(4,625,218)	(5,366,539)
Other comprehensive income:			
-Items that will never be reclassified to profit and loss account		-	-
-Items to be reclassified to profit and loss account		-	-
Total other comprehensive income - net of tax		-	-
Total comprehensive loss for the year		(4,625,218)	(5,366,539)
Loss per share - basic and diluted	20	(0.47)	(0.54)

The annexed notes from 1 to 32 form an integral part of these financial statements.

Statement under section 232(1) of the Companies Act, 2017:

Currently, no one is acting as Chief Financial Officer, therefore, these Financial Statements have been signed by Chief Executive and Director only.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE, 2021

	Note	2021 Rupees	2020 Rupees
Cash flows from operating activities			
Net loss for the year before taxation		(5,016,955)	(5,758,276)
Adjustments for non-cash items:			
- Depreciation of property, plant and equipment		2,470,747	2,470,747
- Finance cost		374	563
		<u>(2,545,834)</u>	<u>(3,286,966)</u>
Changes in Working Capital			
Increase in Current Liabilities			
- Trade and other payables		1,883,498	1,414,742
Cash used in operations		<u>(662,336)</u>	<u>(1,872,224)</u>
Income tax paid		(712)	(297,524)
Finance cost paid		(374)	(563)
Net cash outflow from operating activities		<u>(663,422)</u>	<u>(2,170,311)</u>
Cash flows from investing activities			
		-	-
Cash flows from financing activities			
Repayment of short term borrowing		-	(265,000)
Net cash outflow from financing activities		-	(265,000)
Net decrease in cash and cash equivalents		<u>(663,422)</u>	<u>(2,435,311)</u>
Cash and cash equivalents at the beginning of the year		801,075	3,236,386
Cash and cash equivalents at the end of the year	14	<u>137,653</u>	<u>801,075</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

Statement under section 232(1) of the Companies Act, 2017:

Currently, no one is acting as Chief Financial Officer, therefore, these Financial Statements have been signed by Chief Executive and Director only.

ZAHUR COTTON MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE, 2021

	Issued, subscribed and paid up capital	Revenue reserves (Accumulated loss)	Capital reserves		Total equity
			Share deposit money	Revaluation surplus on property, plant and equipment	
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2019	98,600,000	(223,401,515)	20,066,240	47,174,601	(57,560,674)
Loss for the year	-	(5,366,539)	-	-	(5,366,539)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year ended June 30, 2020	-	(5,366,539)	-	-	(5,366,539)
Transferred from surplus on revaluation of property plant and equipment on account of incremental depreciation - net of tax	-	959,081	-	(959,081)	-
Balance as at June 30, 2020	98,600,000	(227,808,973)	20,066,240	46,215,520	(62,927,213)
Loss for the year	-	(4,625,218)	-	-	(4,625,218)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year ended June 30, 2021	-	(4,625,218)	-	-	(4,625,218)
Transferred from surplus on revaluation of property plant and equipment on account of incremental depreciation - net of tax	-	959,081	-	(959,081)	-
Balance as at June 30, 2021	98,600,000	(231,475,110)	20,066,240	45,256,439	(67,552,431)

The annexed notes from 1 to 32 form an integral part of these financial statements.

Statement under section 232(1) of the Companies Act, 2017:

Currently, no one is acting as Chief Financial Officer, therefore, these Financial Statements have been signed by Chief Executive and Director only.

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30TH JUNE, 2021**

Note 1

Legal status and operations

Zahur Cotton Mills Limited (the Company) is a public limited company incorporated in Pakistan on April 21, 1990 under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). Its Ordinary Shares are quoted on Pakistan Stock Exchanges. The principal activity of the Company is manufacturing and selling of grey fabric. The company has shut down its operations in past which continued suspended during the year. The Company is domiciled in Pakistan and its registered office and factory /mills is situated at 94 KM, Multan Road, near Pul Jaurian, Akhtarabad, District Okara.

Note 2

Basis of preparation**2.1 Going concern assumption**

The Company has incurred net loss of Rs 4.625 million (2020: Rs. 5.367 million) for the year ended June 30, 2021 and has accumulated losses of Rs. 231.024 million (2019: Rs. 227.809 million) as at June 30, 2021. Furthermore, its total liabilities exceed its total assets by Rs. 67.101 million (2020: Rs. 62.927 million) and current liabilities exceed its current assets by Rs. 125.264 million (2020: Rs. 122.718 million) as at June 30, 2021 resulting in liquidity problems. The operations of Company ceased and these operations remained suspended during the year due to working capital constraints and unfavorable business conditions and the Company has also applied for Voluntarily Delisting from the Pakistan Stock Exchange on May 08, 2017 but decision is still pending. These factors raise doubts about the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, any adjustments, relating to the recoverability of recorded assets and liabilities have not been incorporated in these Financial Statements. As the management is confident to obtain continued support from its sponsors and lenders, therefore, these Financial Statements have been prepared on a going concern basis.

2.2 Statement of compliance

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

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The financial statements provide comparative information in respect of the previous year. In addition, the Company presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective correction of an error, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at June 30, 2020 is presented in these financial statements mainly due to impact of correction of error as reflected in Note 5 to these financial statements.

Provisions of and directives issued under the Companies Act, 2017.

Note 3

Basis of preparation**3.1 Basis of measurement**

These financial statements have been prepared under the historical cost convention except to the extent of following:

- a) **Certain property, plant and equipment - Note 14**
The Company is using the revaluation model for certain property, plant and equipment. Revaluation is performed by an independent valuer periodically.
- b) **Interest free loans from related parties**
The Company is carrying interest free loans from related parties.

3.2 Significant accounting estimates, judgments and assumptions

The preparation of Financial Statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values 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. Revisions 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 the revision and future periods if the revision affects both current and future periods.

ZAHUR COTTON MILLS LIMITED

The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment – Note 5.2 & 13
- Impairment loss of non-financial assets other than inventories – Note 3.13 & 13
- Estimation of provisions - Note 5.10
- Estimation of contingent liabilities - Note 5.14
- Current income tax expense, provision for current income tax and recognition of deferred tax liability /asset - Note 5.18 and 19

Note 4

Standards, amendments and interpretations

4.1 Standards and amendments to approved accounting standards which became effective during the year ended June 30, 2021

There are certain standards, amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods beginning on or after July 1, 2020. These are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

4.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees (PKR or Rupees) which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

4.3 Standards, interpretation and amendments to approved accounting standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments and interpretations to the accounting and reporting standards which are mandatory for companies having accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

	Effective Date - Annual Periods Beginning on or After
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2022 & January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2023
IAS 12 Income Taxes [Amendments]	January 1, 2023
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

The Company has assessed that the impact of these amendments is not expected to be significant.

Note 5

Significant accounting policies

5.1 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.

5.2 Property, plant and equipment

Initial recognition

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably.

Measurement

Property, plant and equipment, except freehold land, buildings thereon, plant and machinery and capital work in progress are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss while buildings on freehold land and plant and machinery are stated at revalued amount less accumulated depreciation and any accumulated impairment loss. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified

impairment loss. Capital work in progress is stated at cost less impairment loss (if any).

The costs of Property, plant and equipment include:

- (a) its purchase price including import duties, non-refundable purchase taxes after deducting trade discounts and rebates; and
- (b) any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- (c) cost of borrowing during construction period in respect of loans taken for specific projects.

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

Subsequent expenditure

Expenditure incurred to replace a significant component of an item of plant and equipment is capitalised and the asset so replaced is retired. Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the items can be measured reliably. All other expenditure (including repairs and normal maintenance) is recognised in the profit and loss account as an expense when it is incurred.

Depreciation

Depreciation on all items except freehold land is charged on *straight line method* at the rates specified in note 13 to the financial statements and is generally recognised in profit and loss account so as to write off the cost or revalued amount of an asset over its estimated useful life. Incremental depreciation representing the difference between actual depreciation based on revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the asset is transferred to accumulated profit / loss from surplus on revaluation of property, plant and equipment. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income taxes.

Revaluation surplus

Revaluation of freehold Land, Building on freehold land and Plant and Machinery is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any revaluation increase in the carrying amount of Land, Building and Plant and Machinery is recognized in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment " except to the extent that it reverses a revaluation decrease / deficit for the same asset previously recognised in statement of profit or loss account, in which case the increase is first recognized in statement of profit or loss account to the extent of the decrease previously charged. Any decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases are charged to statement of profit or loss account. The revaluation reserve is not available for distribution to the Company's shareholders. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to statement of profit or loss account and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus to retained earnings.

Depreciation on additions is charged from the month in which the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Depreciation method, residual value and useful lives of assets are reviewed at least at each reporting date and adjusted if impact on depreciation is significant.

Gains and losses on disposal

Gains and losses on disposal of assets are taken to the profit and loss account, and the related revaluation surplus on property, plant and equipment, if any, is transferred directly to retained earnings.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. Further, the key assumptions used to determine the fair value of property, plant and equipment are provided in Note 14.

5.3 Impairment

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset. Where impairment loss is

recognized, the depreciation / amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life.

5.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.4.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

5.4.1.1 Classification

The Company classifies its financial assets in the following categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at amortized cost

A financial asset is measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows 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.

b) Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if the financial asset is 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.

c) Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Company can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss. The equity investments of the Company held in short term investments are classified at fair value through profit or loss because they are frequently traded.

5.4.1.2 Initial recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade date – the date on which the Company commits to purchase or sell the asset.

Except for trade receivables, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account when the Company's right to receive payments is established. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15. Where the Company uses settlement date accounting for an asset that is subsequently measured at amortized cost, the asset is recognized initially at its fair value on the trade debt.

5.4.1.3 Subsequent measurement

For the purpose of measuring financial assets after initial recognition, these are classified into the following categories:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit or loss.

Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss on financial assets not part of hedging relationship is recognized in profit or loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the statement of profit or loss. Dividends on equity instruments are credited to the statement of profit or loss when the Company's right to receive payments is established.

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

5.4.1.4 **Derecognition**

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- a) the Company has transferred substantially all the risks and rewards of the asset; or
- b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in profit or loss.

If the Company transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

If the Company's continuing involvement is in only a part of a financial asset, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in profit or loss.

5.4.1.5 **Impairment of financial assets**

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Company recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the statement of financial position is not reduced.

The Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions under IFRS 15 and lease receivables.

The Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the profit or loss.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

5.4.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost except for financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, commitments to provide a loan at a below-market interest rate and contingent consideration recognized in a business combination.

The Company does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the profit and loss account.

5.4.2.1 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if it eliminates or significantly reduces a measurement or recognition inconsistency or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel. The Company has not designated any financial liability as at fair value through profit or loss.

All other liabilities

All other financial liabilities are measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or 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 recognized in the profit and loss account. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss account.

Offsetting of financial assets and liabilities

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

5.5 Contingencies and commitments

Capital commitments and contingencies, unless those are actual liabilities, are not incorporated in the Financial Statements.

5.6 Trade debts and other receivables

Trade debts and other receivables are classified as financial assets at amortised cost according to IFRS 9.

Trade debts are initially recognised at original invoice amount which is the fair value of the consideration to be received in future and subsequently measured at cost less provision for doubtful debts. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses.

The Company has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

5.7 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and bank balances, cheques in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

5.8 Trade and other payables

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

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

5.9 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

5.10 Provisions

Provisions are recognised 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 can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

Judgement and estimates

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

5.11 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. Foreign exchange gains and losses on translation are recognized in the profit and loss account.

5.12 Revenue recognition

Revenue is recognized at a point in time, when the Company satisfies performance obligations by transferring the promised goods to its customers. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is recognised in accordance with the aforementioned principle by applying the following steps:

- i) Identify the contract with a customer.
- ii) Identify the performance obligation in the contract.
- iii) Determine the transaction price of the contract.
- iv) Allocate the transaction price to each of the separate performance obligations in the contract.
- v) Recognise the revenue when (or as) the entity satisfies a performance obligation.

Currently the Company is not engaged in any type of sale of goods or services.

5.13 Related party transactions

Related parties comprise the associated companies / undertakings, directors of the Company and their close relatives and key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to these financial statements.

5.14 Contingent liabilities

Contingent liability is disclosed when:

- a) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

b) there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.15 Reserves

Reserve are classified into two categories as follows:

Revenue reserve

Revenue reserve is the reserve which is regarded as available for distribution through the profit and loss account including general reserves and other specific reserves created out of profit and unappropriated or accumulated profits of previous years.

Capital reserve

Capital reserve includes all the reserves other than reserve which are classified as revenue reserve.

5.16 Earnings per share

The Company presents earnings / (loss) per share (EPS) data for its ordinary shares. This is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

5.17 Dividend

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

5.18 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account.

Current:

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalised during the year.

Deferred:

Deferred tax is recognised using the liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognised for all major taxable temporary differences.

Deferred tax assets are recognised for all major deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

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The carrying amount of the deferred tax asset is reviewed at each reporting date and is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

5.19 Impairment of non-financial assets

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use based on the estimated future cash flow, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets.

An impairment loss 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 amortisation, if no impairment loss had been recognised. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

Note 6

Issued, subscribed and paid up capital

	2021	2020
	Rupees	Rupees
Issued, subscribed and paid-up capital 9,860,000 (2020: 9,860,000)		
Ordinary Shares of Rs.10 each fully paid in cash	<u>98,600,000</u>	<u>98,600,000</u>

6.1 No shares were issued or cancelled during the year (2020: Nil). Therefore, reconciliation of number of shares outstanding is not provided.

6.2 There are no agreements with shareholders for any specific voting rights, board selection, rights of first refusal and block voting etc. All shares rank equally with regard to Company's residual assets.

Note 7

Share deposit money

This includes Share Deposit money contributed by the previous sponsors of the Company which was transferred to Mr. Javed Zahur in 1994, as result of Family Settlement. Now the entire Deposit relates to Mr. Javed Zahur.

In terms of a meeting, dated 9th December, 2010, between the Chief Executive of the Company and Director Enforcement, SECP, Islamabad, a letter dated 20th January, 2011, followed by a reminder dated 4th June, 2011, for seeking permission for issuance of shares against this deposit has been sent to the SECP. However, such permission is still awaited.

Note 8

Surplus on revaluation of property, plant and equipment - net of tax

	Note	2021	2020
		Rupees	Rupees
8.1 This is made up as follows:			
Freehold land		17,665,900	17,665,900
Buildings on freehold land		28,373,894	29,322,325
Plant and Machinery		<u>175,725</u>	<u>186,375</u>
		46,215,519	47,174,600
Incremental depreciation charged on revalued property, plant and equipment during the year transferred to retained earnings - net of deferred tax		(959,081)	(959,081)
		<u>45,256,438</u>	<u>46,215,519</u>

8.2 The surplus on revaluation of property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

Note 9

Deferred tax liability

		2021	2020
	Note	Rupees	Rupees
9.1 These comprise of:			
Deferred Tax Liability	9.2	11,269,376	11,661,113
		<u>11,269,376</u>	<u>11,661,113</u>
9.2 This represents the related deferred tax liability of surplus on revaluation of building and plant and machinery.			

Note 10

Trade and other payables

		2021	2020
	Note	Rupees	Rupees
Creditors		2,788,771	2,538,771
Accrued Liabilities and advances - unsecured	10.1	6,429,044	4,795,546
Advances from Customers - unsecured		1,602,002	1,602,002
		<u>10,819,817</u>	<u>8,936,319</u>
10.1 Accrued liabilities and advances			
Advances	10.1.1	450,749	95,346
Accrued liabilities	10.1.2	5,978,295	4,700,200
		<u>6,429,044</u>	<u>4,795,546</u>

10.1.1 Advances represent, Rs. 71,471, Rs. 13,653, Rs.165,625 (2020: Rs. 25,421, Rs. 4,300 and Rs.65,625) payable to CEO/director, other related party and the associated company (associated due to common directorship) respectively. These amounts relate to the expenditure incurred by the director, other related party and the associated company on the Company's behalf.

10.1.2 This includes Rs. 5.167 million (2020: 3.947million) payable to CEO of the Company on account of salaries.

Note 11

Short term borrowings

		2021	2020
	Note	Rupees	Rupees
11.1 These are unsecured and have been obtained from:			
Related Parties -			
Chief Executive	11.2	37,687,575	37,687,575
Directors	11.3	28,588,131	28,588,131
		66,275,706	66,275,706
Loan from other related parties	11.4	48,308,455	48,308,455
	11.5	114,584,161	114,584,161
		<u>114,584,161</u>	<u>114,584,161</u>
11.2 Loan from chief executive is made up as follows:			
Balance at beginning of the Year		37,687,575	37,687,575
Less: Payments during the Year		-	-
Balance at end of the year		<u>37,687,575</u>	<u>37,687,575</u>
11.3 Loan from directors is made up as follows:			
Balance at beginning of the Year		28,588,131	28,688,131
Less: Payments during the Year		-	100,000
Balance at end of the year		<u>28,588,131</u>	<u>28,588,131</u>
11.4 Loan from other related parties is made up as follows:			
Balance at beginning of the Year		48,308,455	48,473,455
Less: Payments during the Year		-	165,000
Balance at end of the year		<u>48,308,455</u>	<u>48,308,455</u>

11.5 These unsecured and interest free loans have been obtained from the related parties i.e. directors / sponsors of the Company and their close relatives. These loans have been obtained to meet the working capital requirements of the Company and are repayable on demand.

Note 12

Contingencies and commitments

12.1 **Contingencies**
Rs. Nil (2020: Rs. Nil)

12.2 **Commitments**
Rs. Nil (2020: Rs. Nil)

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Note 13

Property, Plant and Equipment

	2021	2020
	Note Rupees	Rupees Restated
13.1 Operating fixed assets	68,913,148	71,383,895

Reconciliation of carrying amounts of property, plant and equipment at the beginning and at end of the year is as follows:

Year ended June 30, 2021

PARTICULARS	C O S T			D E P R E C I A T I O N			Carrying amount as at June 30, 2021
	as at July 01, 2020	Revaluation Surplus	as at June 30, 2021	RATE %	Upto June 30, 2020	Provided for the year	
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees
Land - Freehold							
Cost	2,258,100	-	2,258,100	-	-	-	2,258,100
Revaluation Surplus	17,665,900	-	17,665,900	-	-	-	17,665,900
	19,924,000	-	19,924,000		-	-	19,924,000
Buildings on Freehold Land							
Cost	37,330,978	-	37,330,978	3%	26,081,816	1,119,929	27,201,745
Revaluation Surplus	44,527,278	-	44,527,278	3%	4,564,045	1,335,818	5,899,863
	81,858,256	-	81,858,256		30,645,861	2,455,747	33,101,608
Plant and Machinery							
Cost	23,219,389	-	23,219,389	5%	23,219,389	-	23,219,389
Revaluation Surplus	300,000	-	300,000	5%	52,500	15,000	67,500
	23,519,389	-	23,519,389		23,271,889	15,000	23,286,889
Fire Fighting Equipment	38,566	-	38,566	10%	38,566	-	38,566
Furniture and Fixtures	1,903,061	-	1,903,061	10%	1,903,061	-	1,903,061
Electric Installations	2,294,667	-	2,294,667	5%	2,294,667	-	2,294,667
Office Equipment	1,209,500	-	1,209,500	10%	1,209,500	-	1,209,500
Vehicles	2,039,691	-	2,039,691	20%	2,039,691	-	2,039,691
	132,787,130	-	132,787,130		61,403,235	2,470,747	63,873,982

Year ended June 30, 2020

PARTICULARS	C O S T			D E P R E C I A T I O N			Carrying amount as at June 30, 2020
	as at July 01, 2019	Revaluation Surplus	as at June 30, 2020	RATE %	Upto June 30, 2019	Provided for the year	
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees
Land - Freehold							
Cost	2,258,100	-	2,258,100	-	-	-	2,258,100
Revaluation Surplus	17,665,900	-	17,665,900	-	-	-	17,665,900
	19,924,000	-	19,924,000		-	-	19,924,000
Buildings on Freehold Land							
Cost	37,330,978	-	37,330,978	3%	24,961,887	1,119,929	26,081,816
Revaluation Surplus	44,527,278	-	44,527,278	3%	3,228,227	1,335,818	4,564,045
	81,858,256	-	81,858,256		28,190,114	2,455,747	30,645,861
Plant and Machinery							
Cost	23,219,389	-	23,219,389	5%	23,219,389	-	23,219,389
Revaluation Surplus	300,000	-	300,000	5%	37,500	15,000	52,500
	23,519,389	-	23,519,389		23,271,889	15,000	23,271,889
Fire Fighting Equipment	38,566	-	38,566	10%	38,566	-	38,566
Furniture and Fixtures	1,903,061	-	1,903,061	10%	1,903,061	-	1,903,061
Electric Installations	2,294,667	-	2,294,667	5%	2,294,667	-	2,294,667
Office Equipment	1,209,500	-	1,209,500	10%	1,209,500	-	1,209,500
Vehicles	2,039,691	-	2,039,691	20%	2,039,691	-	2,039,691
	2,039,691	-	132,787,130		58,947,488	2,470,747	61,403,235

13.2 In view of insignificant materiality level and closed operations of the Company, the management has decided not to revalue the items appearing at Nil value.

13.3 The Forced sales value of Land, Building and Plant and Machinery as per last revaluation report as of **January 18, 2017** is Rs. 15,939,000/-, Rs. 47,470,000/- and Rs. 225,000/- respectively.

13.4 Particulars of immovable property (land and building) of the Company are as follow:

Location	Usage of immovable property	Total area
94 KM, Multan Road, Lahore near Pul Jaurian, Akhtarabad, District Okara.	Production plant and offices	79 Kanals and 14 Marlas

13.5 Cost, accumulated depreciation and book value of revalued assets

Had there been no revaluation, the carrying amounts of the following classes of assets would have been as follow:

	2021	2020
	Rupees	Rupees
Freehold land	2,258,100	2,258,100
Buildings on freehold land	10,129,233	11,249,162
Plant and machinery	-	-
	<u>12,387,333</u>	<u>13,507,262</u>

13.6 Revalued land, building and plant and machinery

On January 18, 2017, the Company elected to measure land, buildings and plant and machinery using the revaluation model. The fair value of the Company's land, buildings and plant and machinery are determined on periodic, but at least four year term basis, by an independent professionally qualified valuer.

13.7 Fair value measurements under revaluation model for property, plant and equipment

13.8 The latest revaluation of the Company's freehold Land, Buildings on freehold Land and Plant and Machinery was carried on at 18th January, 2017. The Revaluation exercise was carried-out by independent Valuer M/S Hamid Mukhtar & Co (Pvt) Ltd. (Approved Valuer of Pakistan Banks Association), on fair market value basis. The revaluation of these Assets resulted in a surplus of Rs. 62.493 Million, which was credited to "Surplus on Revaluation of Fixed Assets Account", on that date, to comply with the requirement of the Repealed Companies Ordinance, 1984 (now Companies Act, 2017). The difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss account and depreciation based on the asset's original cost, net of tax is reclassified from revaluation surplus to retained earnings.

13.9 Fair value of the properties was determined using the market comparable method. Fair values are categorized as level 2 fair value hierarchy where inputs are observable. The valuations have been performed by an independent professional valuer and are based on prices of transactions for properties of similar nature, location and condition.

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Note 14

Cash and bank balances

	2021	2020
	Rupees	Rupees
Cash on Hand	695	8,806
Cash at Banks in:		
Current Accounts	133,936	789,247
Demand Deposits	2,119	2,119
Saving Account	903	903
	<u>136,958</u>	<u>792,269</u>
	<u>137,653</u>	<u>801,075</u>

Note 15

Administrative expenses

		2021	2020
	Note	Rupees	Rupees
15.1 These comprise of:			
Directors Remuneration	15.2	1,440,000	1,440,000
Salaries and Other Benefits	15.2	240,000	240,000
Telephone, Postage and telegram		21,064	243,344
Power and Fuel		2,275	24,393
Rent, Rates and Taxes		3,125	6,250
Printing and Stationery		450,000	575,000
Travelling and Conveyance		10,000	127,580
Fees and Subscriptions		100,000	156,499
Legal and Professional Charges		30,000	46,500
Advertisement		15,500	16,500
Vehicle Running and Maintenance	16.3	95,870	108,600
Repair and Maintenance		13,000	187,300
Depreciation	14.1	2,470,747	2,470,747
		<u>4,891,581</u>	<u>5,642,713</u>

15.2 These include Rs. Nil (2020: Rs. Nil) in respect of Staff Retirement benefits.

15.3 This represents the expenses incurred by the CEO of the Company on running and maintenance of his personal car as per the terms of his employment.

Note 16

Other operating charges

		2021	2020
	Note	Rupees	Rupees
16.1 Auditors' remuneration	16.2	125,000	125,000
16.2 Auditors' remuneration is in respect of Audit services and represents:			
- statutory audit		95,000	95,000
- Half yearly review		30,000	30,000
		<u>125,000</u>	<u>125,000</u>

Note 17

Other income

	2021	2020
	Rupees	Rupees
Liabilities written back	-	10,000
	<u>-</u>	<u>10,000</u>

Note 18

Finance cost

	2021	2020
	Rupees	Rupees
Bank charges	374	563

Note 19

Taxation

	2021	2020
	Rupees	Rupees
19.1 This represents:		
Current Year Taxation	-	-
Deferred Taxation	(391,737)	(391,737)
	<u>(391,737)</u>	<u>(391,737)</u>
19.2 Relationship between tax expense and accounting Loss		
Accounting Loss before taxation	(5,016,955)	(5,758,276)
Current tax N/A due to loss	-	-
Deferred Taxation	(391,737)	(391,737)
	<u>(391,737)</u>	<u>(391,737)</u>

19.3 Income Tax assessments of the Company upto Tax Year 2020 have either been completed or have been filed under self assessment scheme in accordance with the provisions of Income Tax Ordinance, 2001, hence deemed to be assessed as declared.

19.4 Deferred tax asset has not been recognized on any deductible temporary difference as no future taxable profits will be available against which these can be utilized. Breakup of which is as follows:

19.5 Accelerated Depreciation	3,702,751	4,274,667
Unabsorbed Tax Depreciation	68,474,248	67,577,553
Unused Business Tax Losses	4,014,939	3,594,584
	<u>76,191,938</u>	<u>75,446,804</u>

The Expiry Dates for the Unused Business Tax Losses are as follows:

30th June, 2021	-	1,096,707
30th June, 2023	2,342,879	2,342,879
30th June, 2024	112,845	112,845
30th June, 2025	5,555,157	5,555,157
30th June, 2026	3,287,529	3,287,529
30th June, 2027	2,546,208	-
	<u>13,844,618</u>	<u>12,395,117</u>

Note 20

Loss per share - Basic and diluted

	2021	2020
	Rupees	Rupees

The calculation of basic loss per share has been based on the loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

20.1 Basic loss per share

Net Loss attributable to Ordinary Shareholders

(4,625,218)	(5,366,539)
-------------	-------------

Weighted average number of ordinary shares outstanding during the year

NUMBER OF SHARES	
9,860,000	9,860,000

Loss per share

RUPEES	RUPEES
(0.47)	(0.54)

20.2 Diluted loss per share

There is no dilution effect on the basic loss per share as the Company has no such commitments.

Note 21

Reconciling of movement of liabilities to cash flows arising from financing activities

Particulars	As at July 01, 2020	Non-cash changes	cash changes	As at June 30, 2021
Repayment of short Term Financing	114,584,161	-	-	114,584,161

Particulars	As at July 01, 2019	Non-cash changes	cash changes	As at June 30, 2020
Repayment of short Term Financing	114,849,161	-	(265,000)	114,584,161

Note 22

Remuneration of chief executive, directors and executives

22.1 Aggregate amounts charged in the financial statements for the year as remuneration and benefits to the chief executive, full time working directors and other executives of the company are as follows:

Particulars	2021			2020		
	Rupees		Total	Rupees		Total
	Chief Executive	Director		Chief Executive	Director	
Managerial Remuneration	1,090,909	218,182	1,309,091	1,090,909	218,182	1,309,091
Medical Allowance	109,091	21,818	130,909	109,091	21,818	130,909
	<u>1,200,000</u>	<u>240,000</u>	<u>1,440,000</u>	<u>1,200,000</u>	<u>240,000</u>	<u>1,440,000</u>
Number of Persons	1	1		1	1	

22.2 In addition to above, as per terms of employment chief executive is entitled for expenses of running and repair and maintenance of his Vehicle. The approximate value of this benefit is Rs. 96,850 (2020: Rs. 108,600).

22.3 No meeting fee has been paid to any director of the Company.

22.4 No remuneration has been paid to any non-executive director of the Company.

22.5 No retirement benefits including Provident fund / gratuity has been paid or payable to any of the directors including chief executive of the Company.

22.6 An executive is defined as an employee, other than the Chief Executive Officer and directors, whose basic salary exceeds Rs. 1.2 million (2020: Rs. 1.2 million) in a financial year. No employee fall in the category of executive.

ZAHUR COTTON MILLS LIMITED

Note 23

Transactions with related parties

The related parties comprise the associated undertakings, directors of the Company, key management personnel. The Company in the normal course of business carries out transactions with various related parties. These are un-secured amounts due to related parties and are shown under respective notes to these financial statements. Significant transactions with related parties other than remuneration are given below:

23.1 Transactions during the year

Name of Related party	Relationship	Nature of transaction	Percentage of shareholding	2021	2020
				Rupees	Rupees
Key management personnel:					
Javed Zahur	CEO	Expenses paid	50.491%	246,050	-
Other related parties:					
Ali Zahur	Other related party	Loan repaid	Nil	-	100,000
Hassan Zahur	Other related party	Loan repaid	Nil	-	65,000
Hassan Zahur	Other related party	Expenses paid	Nil	9,353	4,300
Associated Company:					
Technic Engineering & Fabrication (Pvt) Limited	Associate by virtue of common directorship	Expenses paid	Nil	100,000	65,625

23.2 Outstanding Balance as at the year end

	Note	2021	2020
		Rupees	Rupees
Key management personnel:			
Javed Zahur	11.2	37,687,575	37,687,575
Javed Zahur	11.1.1	271,471	25,421
Mrs. Mukamila Javed	11.3	26,031,631	26,031,631
Rabia Zahur	11.3	2,556,500	2,556,500
Other related parties:			
Hassan Zahur	11.4	37,219,464	37,219,464
Hassan Zahur	11.1.1	13,653	4,300
Ali Zahur	11.4	11,088,991	11,088,991
Associated Company:			
Technic Engineering & Fabrication (Pvt) Limited	11.1.1	165,625	65,625

Note 24

Provident related disclosure

The Company does not maintain any provident fund for its employees.

Note 25

Financial instruments and related disclosures

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

25.1 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation without taking into account the fair value of any collateral. Carrying amounts of financial assets represent the maximum credit exposure.

Exposure and Concentration of Credit Risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any exposure to customers. Credit risk of the Company arises from deposits with banks and deposits. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. However, the Company has no credit risk from customers because there is no trade receivable. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. Carrying values of financial assets exposed to credit risk, which are neither past due nor impaired are as under:

Financial assets at amortised cost	2021	2020
	RUPEES	RUPEES
Long term deposits	68,210	68,210
Bank balances	136,958	792,269
	<u>205,168</u>	<u>860,479</u>

There is no trade receivable, therefore no aging is required to be disclosed

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 limited mainly to banks only.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating Agency	2021	2020
	Short term	Long term			
Bank Al Habib Limited	A1+	AA+	PACRA	3,766	3,766
Faysal Bank Limited	A1+	AA	PACRA	1,926	2,149
Al-Baraka Islamic Bank Limited	A1	A	PACRA	59,955	519,455
MCB Bank Limited	A1+	AAA	PACRA	68,171	263,759
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	3,140	3,140
Askari Commercial Bank Limited	A1+	AA+	PACRA	-	-
				<u>136,958</u>	<u>792,269</u>

25.2 **Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

i) **Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. As at June 30, 2021, the company is not exposed to currency risk.

ii) **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and Short term borrowings from financial institutions. As at June 30, 2021, the interest rate risk profile of the Company doesn't have any interest bearing financial instrument.

iii) **Price Rate Risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2021, the Company is not exposed to price risk.

25.3 **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or experience difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company manages liquidity risk by maintaining sufficient cash balances and the availability of financing through related parties.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cashflows.

Financial liabilities at amortised cost	2021					
	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	More than 5 years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	10,819,817	10,819,817	10,819,817	-	-	-
Short term borrowings	114,584,161	114,584,161	114,584,161	-	-	-
	<u>125,403,978</u>	<u>125,403,978</u>	<u>125,403,978</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at amortised cost	2020					
	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	More than 5 years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	8,936,319	8,936,319	8,936,319	-	-	-
Short term borrowings	114,584,161	114,584,161	114,584,161	-	-	-
	<u>123,520,480</u>	<u>123,520,480</u>	<u>123,520,480</u>	<u>-</u>	<u>-</u>	<u>-</u>

25.4 **Financial Instruments by Categories**

Financial assets as at June 30, 2021	At Fair Value Through		At Amortized Cost	Total
	Other Comprehensive Income	Profit or Loss		
	Rupees	Rupees	Rupees	Rupees
Long term deposits			68,210	68,210
Cash and Bank Balances	-	-	137,653	137,653
	<u>-</u>	<u>-</u>	<u>205,863</u>	<u>205,863</u>

ZAHUR COTTON MILLS LIMITED

	At Fair Value Through		At Amortized Cost	Total
	Other Comprehensive Income	Profit or Loss		
	Rupees	Rupees	Rupees	Rupees
Financial assets as at June 30, 2020				
Long term deposits			68,210	68,210
Cash and Bank Balances	-	-	801,075	801,075
	-	-	869,285	869,285

Financial liabilities at amortized cost

	2021	2020
	Rupees	Rupees
Trade and other payables	10,819,817	8,936,319
Short term borrowings	114,584,161	114,584,161
	125,403,978	123,520,480

There is no liability that is measured at fair value.

Note 26

Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders and to maintain a strong capital base to support the sustained development of its business. The capital structure of the Company is mainly equity based and short term borrowings from related parties. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises short term loan from directors, sponsors and related parties. Total capital employed includes total equity, as shown in the statement of financial position, plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	2021	2020
	Rupees	Rupees
Total debt	114,584,161	114,584,161
Less: Cash and bank balances	(137,653)	(801,075)
Net debt	114,446,508	113,783,086
Total Equity	(67,552,431)	(62,927,213)
Total capital employed	46,894,077	50,855,873
Gearing ratio	244%	224%

The Company is not subject to externally imposed capital requirements. There was no change to the Company's approach to capital management during the year.

Note 27

Fair values of financial assets and liabilities

27.1 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on arm's length basis.

The carrying values of all financial assets and liabilities reflected in the financial statements are a reasonable approximation of their fair values. Fair value is determined on the basis of objective evidence at each reporting date. Management believes that there is no indication / triggering event that may lead to impairment of financial assets.

27.2 Fair values hierarchy

IFRS 13 "Fair Value Measurement" requires the Company to classify fair value measurement and fair value hierarchy that reflects the significance of the inputs used in making the measurement of fair value hierarchy, which has the following levels:

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

There were no transfers amongst the levels during the current and preceding year. The Company's policy is to recognise transfer into and transfers out of fair value hierarchy levels as at the end of the reporting periods.

The company did not possess any financial assets designated as fair value through profit or loss or fair value through other comprehensive income categories and no liability at fair value as well.

Note 28

Entity-wide information

28.1 The Company constitutes of a single reportable segment.

28.2 Information about products and major customer

The operations of the Company are suspended since long, so the Company is not manufacturing and selling any product

28.3 Information about geographical areas

The Company does not hold non-current assets in any foreign country. Since operation are suspended since long ,therefore no revenues from external customers.

Note 29

Number of employees

	2021	2020
	NO. OF EMPLOYEES	
Average number of employees during the Year	3	3
Total Number of employees at end of the Year	3	3

Note 30

Rated capacity and actual production

30.1 These comprise of:			
No. of Looms Installed		10	10
No. of Looms Worked		None	None
Rated Capacity converted into 50 Picks	Square Meters	1,417,324	1,417,324
Actual Production converted into 50 Picks	Square Meters	Nil	Nil

30.2 The operation of the Company remained closed during the year due to unavailability of funds and unfavorable business conditions.

Note 31

Figures

31.1 Figures in these Financial Statements have been rounded off to the nearest Rupee.

31.2 CORRESPONDING FIGURES

Corresponding figures have been reclassified or rearranged, wherever necessary, for the better and fair presentation. No reclassifications / rearrangement have been made during the year.

Note 32

Date of authorization for issue

These Financial Statements were authorized for issue on July 14, 2021 by the Board of Directors of the Company.

ZAHUR COTTON MILLS LIMITED

**THE COMPANIES ORDINANCE 1984
(Section 236 (1) and 464)**

FORM 34

PATTERN OF SHAREHOLDING

1. Incorporation Number 0021566

2. Name of Company ZAHUR COTTON MILLS LIMITED

3. Pattern of holding of the shares held by the shareholders as at 6/30/2021

Shareholding			
4. No of Shareholders	From	To	Total shares held
180	1	100	18,000
5768	101	500	2,760,800
133	501	1,000	128,600
40	1,001	5,000	95,100
4	5,001	10,000	34,900
2	10,001	15,000	23,000
1	20,001	25,000	21,700
1	25,001	30,000	30,000
1	45,001	50,000	50,000
2	50,001	55,000	102,800
1	150,001	155,000	151,500
1	395,001	400,000	397,600
1	430,001	435,000	432,100
1	635,001	640,000	635,500
1	4,975,001	4,980,000	4,978,400
6,137			9,860,000

5. Categories of Shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officers and their spouses and minor children	5,428,500	55.0558%
5.2 Associated Companies, Undertakings and related parties	0	0.0000%
5.3 NIT and ICP	637,000	6.4604%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions	151,500	1.5365%
5.5 Insurance Companies	500	0.0051%
5.6 Modarabas and mutual Funds	0	--
5.7 Share holders holding 10 %	5,613,900	56.9361%
5.8 General Public		
a. Local	3,632,500	36.8408%
b. Foreign	0	0.0000%
5.9 Others (to be specified)		
Joint Stock Companies	10,000	0.1014%

6. Signature of Company secretary

7. Name of Signatory Ms. Rabia Zahur

8. Designation Company Secretary

9. NIC Number

10. Date 30 6 2021

Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2021

Sr. No	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)		-	-
Directors/Chief Executive and their spouse / minor Children			
	1. MR. JAVED ZAHUR	4,978,400	50.4909%
	2. MRS. MUKAMILA JAVED	397,600	4.0325%
	3. MS. RABIA ZAHUR	50,500	0.5122%
	4. MR. NAZIR AKHTAR	500	0.0051%
	5. MR. KHAN MUHAMMAD	500	0.0051%
	6. MRS. MEHREEN GUL HASSAN	500	0.0051%
	7. MR. TANVEER AHMAD	500	0.0051%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		152,000	1.5416%

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

1	MR. JAVED ZAHUR	4,978,400	50.4909%
2	NATIONAL BANK OF PAKISTAN	635,500	6.4452%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
	None	Nil	Nil

Form of Proxy

I / We _____ Son / Daughter / Wife of _____ being a member of
ZAHUR COTTON MILLS LIMITED and holder of _____ Shares Folio No.
_____ CDC Participant ID # _____ and
Sub Account # _____ do hereby appoint _____ of or failing
him/her _____ of _____ as my/our proxy to
attend, speak and vote for me/us and on my/our behalf at the Annual General meeting of **Zahur Cotton Mills Limited**
scheduled to be held on Thursday October 28, 2021 at 11:00 a.m at Company's Registered Office, 94 Km. Multan Road,
Akhtarabad, Distt: Okara and at any adjournment there of.

As witness my/our hands this _____ day of _____ 2021.

1. Witnesses:

Name: _____

Signature: _____

CNIC: _____

Address: _____

Please affix here Revenue Stamp of Rs. 50/-
Members' Signature

2. Witnesses:

Name: _____

Signature _____

CNIC: _____

Address: _____

Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office, 94 Km. Multan Road, Akhtarabad, Distt: Okara, not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2. No person shall act as proxy unless he / she is a member of the Company.

ظہور کاٹن ملز لمیٹڈ

پراکسی فارم (مختار نامہ)

حصہ دار (شیئر ہولڈنگ)	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	سب اکاؤنٹ (ذیلی کھاتہ) نمبر	سی ڈی سی شرکت آئی ڈی نمبر
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

میں/ ہم
ساکن
بجیٹ رکن ظہور کاٹن ملز لمیٹڈ، محترم/ محترمہ
اس کی غیر موجودگی میں
(بجیٹ کمیٹی کے رکن) کو اپنے/ ہمارے ایما پر مورخہ 28 اکتوبر 2021ء بروز جمعرات صبح 11:00 بجے بمقام کمیٹی کے رجسٹرڈ آفس، 94 کلومیٹر ملتان روڈ، اختر آباد، ڈسٹرکٹ، اوکاڑہ پر منعقد ہونے والے ظہور کاٹن ملز لمیٹڈ کے 31 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور مختار (پراکسی) مقرر کرنا ہوں/ کرتے ہیں۔
آج بروز _____ تاریخ _____ 2021ء کو میرے/ ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

50/- روپے کارسیدی ٹکٹ یہاں چسپاں کریں

دستخط رکن
کمیٹی کے نمونہ دستخط سے مماثل ہونے چاہئیں۔

1:
دستخط:
نام:
پتہ:
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:
2:
دستخط:
نام:
پتہ:
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

نوٹ:

- یہ مختار نامہ مکمل اور دستخط شدہ، ہمراہ شناختی کارڈ کی تصدیق شدہ کاپیوں، کمیٹی کے رجسٹرڈ آفس کے پتے پر اجلاس کے شروع ہونے سے 48 گھنٹے پہلے پہنچ جانا چاہئے۔
- کوئی بھی فرد مختار نامہ اس وقت تک استعمال نہیں کر سکتا جب تک وہ کمیٹی کا حصص دار نہ ہو۔ علاوہ اس کے کہ کوئی ایک کمیٹی کسی فرد کو نمائندہ مقرر کرے جو کمیٹی کا حصص دار نہ ہو۔