PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

A Member firm of
PrimeGlobal | An Association of Independent Accounting Firms

1st Floor, Modern Moto...
Beaumont Road, Karac...
Ph: +92-21-35671909, ...
Fax: +92-21-35210626
E-mail: khi@nzaj.com.pk
Web: www.nzaj.com.pk

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the annexed financial statements of **PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY** (the Company), which comprise the statement of financial position as at **June 30, 2023**, and the income and expenditure account, 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 and to the best of our information and according to the explanations given to us, except for the effects of the matters described in paragraphs (a) to (c) below, the statement of financial position, the income and expenditure account, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan including Accounting Standard for Not for Profit Organizations(Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act,2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the deficit, the changes in equity, and its cash flows for the year then ended.

Basis for Qualified Opinion

a) As fully explained in note No. 3.7 to the financial statements, the Company operates an unfunded gratuity scheme. Accordingly, the Company has accounted for deferred liability under gratuity scheme based on 'completed period of service' using 'current salary level' which works out to Rs. 12,555,747 (2022: Rs. 12,164,292) as disclosed in note No. 13 to the financial statements. The aforesaid policy as stated in note No. 3.7 is not in accordance with the requirements of International Financial Reporting Standards (IFRSs) which require that amounts of gratuity should be recorded on 'projected unit credit method' to determine the present value of its staff gratuity obligations and the related current service cost and where applicable, past service cost. Had the obligation been accounted for on the 'projected unit credit method' as required by the IAS-19, various elements in the accompanying financial statements would have been materially affected. As the management has not carried out actuarial valuation for determination to its staff gratuity obligation, financial affects thereof on various elements of these financial statements cannot be determined with reasonable accuracy. Accordingly, we are unable to obtain reasonable assurance as to whether any adjustment should be made in the amount of deferred liability under gratuity scheme.

b) As fully stated in note No. 1.5 to the financial statements, in the year 2015, the Company has deposited an amount of Rs. 37,522,675 into the Government Treasury, representing revenue generated by the Company from operation of its projects since inception till June 30, 2014, in compliance of the condition given in the PC-1 document. The management was of the view that projects of the Company were developed and operated by the funding of Government of Pakistan (GOP) through PSDP and not by the Company, therefore, the revenue generated from operations of the projects was deposited in GOP account as per condition of Umbrella PC-1 approved by the highest forum of Executive Committee of the National Economic Council (ECNEC).Further, the management has routed the abovementioned payment through 'Statement of Changes in Equity' which was not in accordance with the requirements of Approved Accounting Standard.

In our opinion, this ultra vires the provisions of the Company's Memorandum and Articles of Association and Section 42 of the Companies Act,2017 (previously repealed Ordinance, 1984) which inter alia restricts the application of Company's income in promoting its objects and prohibits the payment of any dividend to its members. Had the Company not paid this amount to the Government Treasury in year 2015, cash and bank balances would have increased and accumulated deficit would have decreased by an equal amount of Rs.37,522,675 (2022: Rs.37,522,675);and

c) As fully explained in note No. 4.2 to the financial statements, the Company carried out an external assignment of fixed assets verification during the year 2019. As per the report, there were certain observations which included shortage of items of property, plant and equipment. The aggregate written down value of those fixed assets is Rs. 660,545 (2022: Rs. 786,364).

The report also included an observation that certain items of property, plant and equipment were obsolete and damaged. The aggregate amount of those fixed assets is Rs. 608,642 (2022: Rs. 724,574).

Based on these observations and as per the requirements of IAS 36, the company has to carry out impairment testing as indicator exist on each balance sheet dated 2018, 2019, 2020, 2021 whereas the management of company did not carry out impairment testing resulting in departure of requirement of IAS-36.

Hence, we are unable to quantify its impact on the income and expenditure account for the year ended June, 2021 and ascertain the actual written down value of fixed assets to be reflected in the financial statements as at June 30, 2023.

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 Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention towards Note 1.3 to the accompanying financial statements which states that the Company has incurred a deficit of 1,885,898/- (2022: surplus of 53,479,280/-) which has resulted In an accumulated deficit of Rs. 1,650,045,923/- (2022:Rs 1,648,160,025/-). This indicate that material uncertainty exists that may cast significant doubt on the company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

Information Other than financial statements and Auditors' Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report,, but does not include the financial statements of the company 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 on other information obtained prior to the date of this auditor's report, 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 including Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the of Companies Act, 2017 (XIX of 2017) 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 are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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 scepticism 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 unconsolidated 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.

Report on Other Legal and Regulatory Requirements

We further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) except for the matters disclosed in the Basis for Qualified Opinion, the statement of financial position, the income and expenditure account, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017),Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act,2017 and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;

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 **Mr. Azeem H. Siddiqui – FCA.**

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
Karachi:
Date : 24 December, 2024
UDIN : AR2023102324TOPct7ej

PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non - Current Assets			
Property, plant and equipment	4	78,824,284	90,939,865
Intangible assets	5	233,203	408,105
Long term security deposits	6	4,118,120	4,898,120
		83,175,607	96,246,090
Current Assets			
Advances	7	1,376,926	1,391,036
Prepayments	8	-	158,182
Income tax refundable	9	7,231,600	7,231,600
Advance tax		9,948,697	9,910,833
Cash and bank balances	10	1,347,297	1,403,213
Other receivables		712,785	712,785
		20,617,305	20,807,649
TOTAL ASSETS		**103,792,911**	**117,053,738**
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
155,000,000 Ordinary shares of Rs. 10/- each	11	**1,550,000,000**	**1,550,000,000**
Issued, Subscribed and Paid-up Share Capital			
147,992,070 (2022: 147,992,070) Ordinary shares of Rs. 10 each	11	1,479,920,700	1,479,920,700
Accumulated deficit		(1,650,045,923)	(1,648,160,025)
		(170,125,223)	(168,239,325)
Advance against future issue of shares	12	213,514,776	213,514,776
LIABILITIES			
Non - Current Liability			
Deferred liability	13	12,555,747	12,164,292
Current Liabilities			
Payable to PIDC	14	193,240	-
Accrued and other liabilities	15	47,654,371	59,613,995
		47,847,611	59,613,995
Contingencies and commitments	16	-	
TOTAL EQUITY AND LIABILITIES		**103,792,911**	**117,053,738**

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

Chief Executive

Director

PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
INCOME			
Profit on savings accounts		136,307	48,545
Grant related to income		28,623,900	29,669,000
Other income	*17*	17,218,253	78,317,000
		45,978,460	108,034,545
EXPENDITURE			
Direct costs	*18*	(32,345,710)	(27,836,509)
Administrative expenses	*19*	(15,518,649)	(26,717,629)
Bank charges		-	(1,128)
		(47,864,359)	(54,555,265)
Deficit for the year		**(1,885,898)**	**53,479,280**

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

Chief Executive **Director**

PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid-up share capital	Accumulated Deficit	Total
	---------------------- Rupees	--------------------------	
Balance as at July 01, 2021	**1,479,920,700**	**(1,701,639,305)**	**(221,718,604)**
Surplus for the year	-	53,479,280	**53,479,280**
Balance as at June 30, 2022	**1,479,920,700**	**(1,648,160,025)**	**(168,239,324)**
Deficit for the year	-	(1,885,898)	**(1,885,898)**
Balance as at June 30, 2023	**1,479,920,700**	**(1,650,045,923)**	**(170,125,222)**

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

Chief Executive

Director

PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(1,885,898)	53,479,280
Adjustment for:			
Depreciation		12,050,823	12,059,938
Amortization		174,902	174,902
Profit on savings accounts		(136,307)	(48,545)
Other income		(17,216,349)	(78,317,000)
Grant related to income		(28,623,900)	(29,669,000)
Provision for gratuity		391,455	1,397,384
Cash used in operating activities before working capital changes		(35,245,275)	(40,923,041)
(Increase) / decrease in current assets			
Advances		14,110	3,397,497
Prepayments		158,182	-
Advance Income Tax		(37,864)	(31,783)
(Increase) / decrease in current liabilities			
Loan from PIDC		193,240	-
Accrued and other liabilities		4,876,483	12,064,917
Gratuity paid		-	(4,379,332)
Net cash (used in) operating activities		**(30,041,124)**	**(29,871,743)**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		1,225,000	-
Profit received on savings accounts		136,307	48,545
Net cash generated from investing activities		**1,361,307**	**48,545**
CASH FLOW FROM FINANCING ACTIVITIES			
Grant received		28,623,900	29,669,000
Net cash generated from financing activities		**28,623,900**	**29,669,000**
Net (decrease) in cash and cash equivalents		**(55,916)**	**(154,198)**
Cash and cash equivalents at the beginning of the year		1,403,213	1,557,411
Cash and cash equivalents at the end of the year	10	**1,347,297**	**1,403,213**

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

Chief Executive

Director

1. THE COMPANY AND ITS OPERATIONS

1.1 Pakistan Gems and Jewellery Development Company ('the Company') was incorporated in 2006 as a Company limited by guarantee having share Capital under section 42 of the repealed Companies Ordinance, 1984 (now section 42 of the Companies Act, 2017). The registered office of the Company is situated at Ground Floor PIDC House, Dr. Ziauddin Ahmed Road, Karachi, Pakistan. The primary objective of the Company is to develop the gems and jewellery industry and to enhance its competiveness internationally by facilitation, technology upgradation, skill development, marketing and branding.

1.2 As of the date of statement of financial position, Pakistan Industrial Development Corporation (PIDC) and Ministry of Industries and Production, Government of Pakistan held 16.11% and 83.89% shares of the Company respectively.

1.3 During the year 2021-22, the Company has made a surplus of Rs. 55,493,207 due to write-off of PIDC loan (2021:deficit of Rs. 18,354,164) which resulted in an accumulated deficit of Rs. 1,646,146,098 (2021: Rs. 1,701,639,304) as of the date of financial position. However, as the Company is formed as a non- profit organization, the management believes that the adverse financial position will not affect the primary objectives of the Company as the Company expects continued financial support from the Government of Pakistan. Accordingly, the Company will continue its operations in foreseeable future.

1.4 In year 2018, Ministry of Industries and Production, Government of Pakistan (MOIP) through letter no. 2(47)/2017-ME-II Dated December 21, 2017 directed the Company to hold a meeting with concerned secretaries of Provincial Government to discuss the possibility of transferring training centers of the company to respective provincial governments. In pursuance of this decision, No Objection Certificate (NOC) received from Pakistan Industrial and Development Corporation (PIDC) dated: September 30, 2019 and from MOIP dated October 24, 2019. In this regard, a meeting of the Board of Directors of the Company was held on October 25, 2019 in which the Board resolved that the provincial training centers will be transferred to respective Provincial Governments subject to fulfillment of all legal and regulatory requirements. However, the Board did not extend the employment contracts of projects employees beyond 30th June 2019.

Consequently, the GJTMC Peshawar has been transferred / handed over to Technical Education and Vocational Training Authority Khyber Pakhtunkhwa (KP TEVTA) while the transfer of the rest of regional centers are under process.

1.5 In the year 2015, the Company has deposited an amount of Rs. 37,522,675 in the Government Treasury in respect of the revenue generated by the Company from Operation of its projects since its inception upto 30 June 2014. This was decided in the meeting with Ministry of Industries and production that, as mentioned in umbrella PC-I, the revenue generated by the Company will be deposited in Government Account.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 New and amended standards and interpretations

Standards, amendments to approved accounting standards effective in current year

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after July 01, 2020. These are considered either to not be relevant or not to have any significant impact on the Company's financial statements.

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

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and have not been early adopted by the Company and therefore, have not been presented here.

2.3 Basis of preparation

These financial statements have been prepared under the "historical cost convention".

2.4 Method of preparation of cash flow statement

The cash flow statement is prepared using indirect method.

2.5 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually valuated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant assumptions or judgments used in the preparation of these financial statements are in respect of areas / policies disclosed in note 3 below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment, if any.

Depreciation is charged to income applying the straight line method whereby the cost of an asset is written-off over its estimated useful life. Depreciation on additions and deletions is charged in proportion to the period, rounded to the number of months of use during the year. The residual values, useful life and depreciation methods are reviewed and adjusted, if appropriate, at each financial year end.

Maintenance and normal repairs are charged to income and expenditure account as and when incurred. Major renewals and improvements which increases the assets' remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the income and expenditure account when incurred.

3.2 Intangible assets

These are stated at cost less accumulated amortization and impairment loss, if any.

Amortization is charged to income and expenditure account using staright line method so as to write-off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset comes into operation while no amortization is charged in the month of disposal.

3.3 Impairment of assets

The carrying value of an assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

3.4 Financial assets

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments.

Initial measurement

The company classifies its financial assets in to following three categories:

- measured at amortized cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

i. **Equity instruments as FVOCI**
These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

ii. **Financial assets at FVTPL**
These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

iii. **Financial assets measured at amortized cost**
These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Impariment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach to recognise lifetime expected credit losses for trade and other receivables.

Off-setting of financial assets and financial liabilities

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.5 Financial liabilities

Financial liabilities are classified as measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

3.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprises of cash in hand, bank balances and short-term highly liquid investments, stated at cost, with original maturities of three months or less.

3.7 Gratuity scheme

The Company operates an un-funded gratuity scheme covering all of its employees of head office who have completed their qualifying period of service. Liability is recorded based on the completed period of services using current salary levels. Provision is made annually, to cover obligations under the scheme, by way of a charge to the income and expenditure account.However,the company has not carried out Actuarial Valuation from Actuarial expert.

3.8 Taxation

In accordance with letter No. CIR/Legal/R.T.O./KYC/2009-10/1110 dated October 19, 2010 of the Commissioner Inland Revenue, the Company is sector development Company and not a trading or manufacturing business entity. The funds issued from the Government are utilized for establishment of development projects and marketing and branding of the country trade of Gems & Jewellery. Accordingly, no provision is required for current or deferred tax in these financial statements.

3.9 Provision

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

3.10 Related parties transactions

All transactions involving related parties arising in the normal course of business and are conducted on an arm's length basis. Prices for these transactions are determined on the basis of admissible valuation method.

3.11 Receivables

Receivables are recognized at fair value of consideration receivable. The Company applies the simplified approach to recognise lifetime expected credit losses for receivables.

3.12 Payables

Payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.13 Revenue recognition

Return on Investments and bank deposits are recognized on accrual basis.

Training fee, income from exhibitions and other income are recognized as and when performance obligations are satisfied by transferring promised services.

3.14 Government grant

Government grant is recognized in income and expenditure account on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

3.15 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.16 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pakistani Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in the foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income and expenditure account.

4. **Fixed Assets**

	2023								
	Cost				Depreciation				
Owned Assets	As at July 1, 2022	Additions	Disposals	As at June 30, 2023	As at July 1, 2022	For the Year	On disposal	As at June 30, 2023	Net book value as at June 30, 2023
Machinery	272,235,798	-	-	272,235,798	205,345,376	8,793,735	-	214,139,111	58,096,687
Lease hold improvement	43,501,675	-	-	43,501,675	29,758,889	1,526,976	-	31,285,865	12,215,810
Vehicle	10,756,788	-	1,174,000	9,582,788	10,079,756	160,032	1,109,241	9,130,547	452,241
Furniture and fixtures	14,149,279	-	-	14,149,279	9,930,930	468,705	-	10,399,635	3,749,644
Office equipment	22,842,613	-	-	22,842,613	18,126,750	832,211	-	18,958,961	3,883,652
Computers	10,968,165	-	-	10,968,165	10,434,429	228,744	-	10,663,173	304,992
Books	1,998,043	-	-	1,998,043	1,836,366	40,419	-	1,876,785	121,258
Rupees	376,452,361	-	1,174,000	375,278,361	285,512,496	12,050,823	1,109,241	296,454,077	78,824,284

	2022								
	Cost				Depreciation				
Owned Assets	As at July 1, 2021	Additions	Disposals	As at June 30, 2022	As at July 1, 2021	For the Year	On disposal	As at June 30, 2022	Net book value as at June 30, 2022
Machinery	272,235,798	-	-	272,235,798	196,551,752	8,793,624	-	205,345,376	66,890,422
Lease hold improvement	43,501,675	-	-	43,501,675	28,231,913	1,526,976	-	29,758,889	13,742,786
Vehicle	10,756,788	-	-	10,756,788	9,910,498	169,258	-	10,079,756	677,032
Furniture and fixtures	14,149,279	-	-	14,149,279	9,462,224	468,706	-	9,930,930	4,218,349
Office equipment	22,842,613	-	-	22,842,613	17,294,539	832,211	-	18,126,750	4,715,863
Computers	10,968,165	-	-	10,968,165	10,205,685	228,744	-	10,434,429	533,736
Books	1,998,043	-	-	1,998,043	1,795,947	40,419	-	1,836,366	161,677
Rupees	376,452,361	-	-	376,452,361	273,452,558	12,059,938	-	285,512,496	90,939,865

4.1

The depreciation charge for the year has been allocated as follows:

	Note	2023 Rupees	2022 Rupees
Direct cost	18	11,755,356	11,796,260
Administrative expenses	19	295,467	263,678
		12,050,823	12,059,938

5. INTANGIBLE ASSETS

	Computer Software Rupees
Year ended June 30, 2022	
Opening net book value	583,007
Additions	-
Disposal	
Cost	-
Accumulated amortization	-
	-
Amortization charge	(174,902)
Closing net book value	**408,105**
At June 30, 2022	
Cost	14,805,555
Accumulated amortization	(14,397,450)
Net book value	**408,105**
Year ended June 30, 2023	
Opening net book value	408,105
Additions	-
Disposal	
Cost	-
Accumulated amortization	-
	-
Amortization charge	(174,902)
Closing net book value	**233,203**
At June 30, 2023	
Cost	14,805,555
Accumulated amortization	(14,572,352)
Net book value	**233,203**
Rate of amortization (%)	**30%**

5.1 The Amortization charge for the year has been allocated as follows:

	Note	2023 Rupees	2022 Rupees
Direct cost	*18*	157,945	160,709
Administrative expenses	*19*	16,957	14,193
		174,902	**174,902**

6. LONG TERM SECURITY DEPOSITS

	2023	2022
Security deposit against rent	3,819,120	4,599,120
Deposit against bank guarantee	278,000	278,000
Others	21,000	21,000
	4,118,120	**4,898,120**

7. ADVANCES

Unsecured considered good:

	2023	2022
- Advance for expenses	**1,376,926**	**1,391,036**

		Note	2023 Rupees	2022 Rupees
8.	**PREPAYMENTS**			
	Insurance		-	**158,182**
9.	**INCOME TAX REFUNDABLE**			
	Income tax refundable	*9.1*	7,231,600	7,231,600
			7,231,600	**7,231,600**

9.1 During the year 2017, the Assistant Commissioner of Inland Revenue (ACIR) has passed an order u /s 122(9) of the Income Tax Ordinance, 2001, creating tax demand of Rs. 36,357,688/- and has recovered an amount of Rs. 18,572,062 from company's bank accounts. The Company has filed an appeal before the Commissioner Inland Revenue (CIR) who vacated the aforesaid order of ACIR. The Company has filed application for allowing appeal effect which was duly granted by creating income tax refund to the extent of income tax demand recovered through attachment of the Company's bank accounts.The Company e-filed refund application dated:24-04-2018 for refund under section 170(1) of the Income Tax Odinance, 2001 amounting to Rs. 18,572,062. After examination and perusal of record, the tax department has issued partial refund of Rs. 11,340,461 during the year 2020 in three installments whereas the balance amount of Rs. 7,231,600 is under consideration.

		Note	2023 Rupees	2022 Rupees
10.	**CASH AND BANK BALANCES**			
	Cash in hand		-	51,820
	Cash at banks:			
	- Current accounts		38,637	36,931
	- Saving accounts	*10.1*	1,308,659	1,314,463
			1,347,297	**1,403,214**

10.1 These carry profit ranging from 4.5% to 7% (2021: 4.5% to 7%) per annum.

11. SHARE CAPITAL AND RESERVES

Authorized share capital

Number of shares 2023	Number of shares 2022		Note	2023 Rupees	2022 Rupees
155,000,000	155,000,000	Ordinary share of Rs. 10/- each		**1,550,000,000**	**1,550,000,000**

Issued, subscribed and paid-up share capital

Number of shares 2023	Number of shares 2022		Note	2023 Rupees	2022 Rupees
147,992,070	147,992,070		*11.1*	**1,479,920,700**	**1,466,690,700**

11.1 Ordinary share of Rs. 10/- each fully paid in cash.

		Note	2023 Rupees	2022 Rupees
12.	**ADVANCE AGAINST FUTURE ISSUE OF SHARES**		**213,514,776**	**213,514,776**

		Note	2023 Rupees	2022 Rupees
13.	**DEFERRED LIABILITY**			
	Staff retirement benefits-gratuity	*13.1*	12,555,747	12,164,292
			12,555,747	**12,164,292**
13.1	**Movement during the year is as under:**			
	Balance at the beginning of the year		12,164,292	15,146,240
	Charge for the year		391,455	1,397,384
			12,555,747	16,543,624
	Benefits paid during the year		-	(4,379,332)
	Balance at the year end		**12,555,747**	**12,164,292**
14.	**PAYABLE TO PIDC**	*14.1*	**193,240**	**-**

14.1 This represents amount received from Pakistan Industrial Development Corporation (PIDC), a major shareholder, to meet an expenditure for shifting of assets from PGJDC head office (Progressive plaza) to SEL office. The said loan is interest free and payable in the normal course of business.

		2023 Rupees	2022 Rupees
15.	**ACCRUED AND OTHER LIABILITIES**		
	Salaries payable	7,129,316	7,544,720
	Accrued expenses	38,329,373	50,031,121
	Retention, earnest money and security deposit	982,277	982,277
	Payable against participants fee	435,000	435,000
	Auditors' remuneration	300,000	150,000
	Others	478,405	470,877
		47,654,371	**59,613,995**

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies
There are no contingencies

		Note	2023 Rupees	2022 Rupees
16.2	**Commitments**			
	Letter of guarantee issued by bank to PSO on behalf of the Company		**278,000**	**278,000**
17.	**OTHER INCOME - NET**			
	Insurance claim receivable		1,904	-
	Reversal of rent liability	*17.1*	16,056,108	78,317,000
	Gain on disposal of vehicle		1,160,241	
			17,218,253	**78,317,000**

17.1

GJTPC AJK

Total rent liability of AJK Centre for the period from 01-01-2019 till 30-03-2023 was Rs. 7,265,113. With reference to AJK TEVTA letter No. AJKTEVTA/2579-82/2023 dated 30-03-2023, AJK TEVTA has taken over GJTPC AJK Muzaffarabad w.e.f. 01-01-2020 including liabilities w.e.f. 01-01-2020 for development of mineral sector. The draft MoU is under process for vetting from Law department of Azad Jammu & Kashmir. Therefore, the rent liability of Rs. 5,777,001/- for the period from 01-01-2020 till 30-03-2023 is adjusted/reversed from the accounts.

GJTMC Khl & AHMC Khl

Total rent liability of Karachi Centres for the period from 01-03-2019 till 31-12-2022 was Rs. 14,832,732/-. During the year Rs. 847,414/- was paid to Cantonment Board to de-seal the premises and same was adjusted againt rent liability. As per the Settlement agreement dated 23-06-2023, Rs. 7,000,000/- inclusive of applicable taxes was paid as full & final settlement to the landlords against total rent liabilities of Karachi Centers. However, the security deposit of Rs. 780,000/- was also adjusted against the rent liability. Hence, the adjusted rent liability of Karachi Centers is Rs. 6,205,318/-.

GJTMC Lhr & AHMC Lhr

Total rent liability of Lahore Centres for the period from 01-03-2019 till 30-06-2023 was Rs. 14,562,711/-. As per the Settlement agreement dated 24-06-2023, Rs. 9,000,000/-was agrred to pay to the landlord against total rent liabilities of Lahore Centers. As the first part of the agreement, Rs. 7,000,000/- was paid to the landlord and the remaining Rs. 2,000,000/- will be paid by 31-07-2023. Hence the adjusted rent liability is Rs.3,657,711/-. However Rs. 7,000,0000/- payment could not be cleared by the respective banks due to an error on the deposit slip when the cheque was deposited by the landlord and the funds were lapsed. Consequently the total rent liability now stands at Rs. 9,000,000.

18. DIRECT COSTS	Note	2023 Rupees	2022 Rupees
Salaries and benefits		574,876	993,168
Rent		16,134,049	11,779,953
Depreciation	*4.1*	11,755,356	11,796,260
Amortization	*5.1*	157,945	160,709
Security charges		3,704,034	2,746,419
Legal and professional charges		-	360,000
Computer accessories		19,450	-
		32,345,710	**27,836,509**

19. ADMINISTRATIVE EXPENSES

	Note	2023	2022
Salaries and benefits		7,433,614	10,591,305
Director's remuneration		-	315,000
Rent		3,969,126	8,675,550
Depreciation	*4.1*	295,467	263,678
Amortization	*5.1*	16,957	14,193
Repair and maintenance		806,058	1,056,825
Travelling and conveyance		894,133	1,184,159
Utilities		231,110	477,176
Communication charges		119,180	293,717
Insurance expense		158,182	986,109
Security charges		653,400	602,873
Legal and professional charges		541,810	949,994
Auditors' remuneration	*19.3*	150,000	150,000
Advertisement		195,896	127,195
Generator fuel		3,000	7,585
Vehicle running expenses		-	699,894
Entertainment		11,556	125,267
Printing and stationary		21,163	143,969
Miscellaneous expenses		10,679	18,109
Bank charges		1,557	-
Others		5,760	35,030
		15,518,649	**26,717,628**

19.3 Auditors' remuneration

	2023 Rupees	2022 Rupees
Annual audit fee	138,890	138,890
Sindh sales tax	11,110	11,110
	150,000	**150,000**

20. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Note	Chief Executive		Executives	
		2023	2022	2023	2022
Vehicle running expenses		12,861	59,100	-	-
Domestic travels	20.1	28,340	331,288	-	-
		41,201	**390,388**	-	-
Number of persons		1	1	-	

20.1 This represent payment made to chief executive against reimbursement of air tickets and various travelling expenses.

21. TRANSACTION WITH RELATED PARTIES

The Company's related parties comprises of individual shareholder, Companies and key management personnel. Advance received against future issue of shares, Payable to PIDC and remuneration of key management personnel have been disclosed in Note 12, 14 and 20 respectively to these financial statements.

22. FINANCIAL RISK FACTORS AND RISK MANAGEMENT

22.1 Financial Risk Factors

The Company has exposed to the following risks from its use of financial Instruments:

Credit risk;
Liquidity risk; and
Market risk (including currency risk, interest rate risk and other price risk).

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board. The Company's finance department evaluates financial risks based on principles for overall risk management, as well as policies covering specific areas, such as investment of excess liquidity, credit risk, interest rate risk and foreign exchange risk.

Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. Credit risk mainly arises from income tax refundable, advances, deposits, other receivables and bank balances. Excess funds of the Company are held with banks having highest capacity for timely repayment (i.e. having credit rating of at least 'A+'). Accordingly, management does not expect any counter party to fail in meeting their obligations.

Concentration of credit risk exists when changes in economic and industry factors similarly affect the group of counter parties whose aggregated credit exposure is significant in relation to the Company's total credit exposure. The financial assets of the Company are broadly diversified and transactions are entered into with diverse credit worthy parties thereby mitigating any significant concentration risk. The Company believes that it is not exposed to major concentration of credit risk.

Liquidity risk

Liquidity risk reflects the entity's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient cash and balances with banks. The Company believes that it has maintained sufficient liquid position that would result in no maturity mismatch between its financial assets and liabilities to exposes the Company to liquidity risk.

Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices 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 the return.

Currency risk

Currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to foreign exchange risk because none of the Company's monetary assets and liabilities are denommated in foreign currency.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value or future cash flow of financial instruments.

At the reporting date, the interest rate profile of the Company's significant financial assets is as follows:

	2023 Rupees	2022 Rupees
Balances maintained with banks	1,347,297	1,314,463

As at June 30, 2023, if the interest rate on the Company's deposit had been higher / lower by 100 basis point with all other variables held constant, finance income for the year would have been higher / lower by Rs. 13,473 (2022: Rs. 13,143) mainly as a result of higher / (lower) interest income.

22.2 Financial Instrument by Category

	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Total
	----------	---------- Rupees	----------	----------
Financial assets as per Statement of financial position				
As at June 30, 2023				
Long term security deposits	-	-	4,118,120	4,118,120
Other receivables	-	-	712,785	712,785
Income tax refundable	-	-	7,231,600	7,231,600
Cash and bank balances	-	-	1,347,297	1,347,297
	-	-	13,409,801	13,409,801

	----------	---------- Rupees	----------	----------
Financial assets as per Statement of financial position				
As at June 30, 2022				
Long term security deposits	-	-	4,898,120	4,898,120
Other receivables	-	-	712,785	712,785
Income tax refundable	-	-	7,231,600	7,231,600
Cash and bank balances	-	-	1,347,297	1,347,297
	-	-	14,189,802	14,189,802

Financial liabilities carried at amortized cost	2023 Rupees	2022 Rupees
Deferred liability	12,555,747	12,164,292
Payable to PIDC	193,240	-
Accrued and other liabilities	47,654,371	59,613,995
	60,403,358	71,778,287

22.3 Fair Value Estimation

All financial Instruments carried at fair value are categorized in three categories defined as follows:

Level 1: Quoted prices in active markets for identical assets.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Company did not hold any investment as at year end.

23. NUMBER OF EMPLOYEES

	2023	2022
Number of employees as at year end	7	12
Average number of employees during the year	7	12

24. LOSS OF CERTAIN ACCOUNTING RECORDS

A fire broke out at the Company's head office on September 1, 2014. The fire destroyed certain records, documents and books of accounts of the Company related to prior years, although, electronic data remained intact.

25. DATE OF AUTHORIZATION

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

26. CORRESPONDING FIGURES

Corresponding figures have been re-classified, wherever necessary for the purposes of comparison.

27. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director