

**FINANCIAL STATEMENTS  
OF  
HASHMI CAN COMPANY LIMITED  
FOR THE YEAR ENDED JUNE 30, 2019**

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**RAO & COMPANY**

CHARTERED ACCOUNTANTS

Room # 402, Amber Estate (Ext), K.C.H.S.U., Block-7/8, Karachi,  
Karachi -Tel: 021-4532778 & 021-4540962, Fax: 021-4391843

## DIRECTOR'S REPORT

I am pleased to welcome you to the 58<sup>th</sup> Annual General Meeting of the Company and on behalf of the Board of Directors, present the Annual Report along-with Audited Accounts for the year ended 30<sup>th</sup> June 2019.

### FINACIAL RESULTS

The operating results as such are:-

	2 0 1 9	2 0 1 8
Sales	-	-
Gross loss	(1,075,353)	(400,354)
Net Loss	(4,521,937)	(684,501)

In these circumstances the management is trying to further cut down the cost. The going concern status of the Company has again been questioned by the auditors this year also, but the Directors are still of the view that the efforts to promote the Business shall bear fruit. Legal matters are at stand still and no change of either kind has taken place.

Earnings / (Loss) per share this year is Rs. (2.77) compared to Rs. (0.42) last year.

### CORPORATE GOVERNANCE:

The directors of your company are aware of their responsibilities under the code of corporate governance of the Listing Regulations of the Stock Exchange in the country under instruction from Securities & Exchange Commission of Pakistan. We are taking all necessary steps to ensure good Corporate Governance in your Company as required by the code.

### PATTERN OF SHAREHOLDING

Pattern of shareholding is included as a part of the report.

### AUDITORS

The present Auditors M/s Rao & Company retire and being eligible offer themselves for reappointment.

### QUALIFICATION REQUIREMENTS OF THE CHIEF FINANCIAL OFFICER (CFO) CUM COMPANY SECRETARY (CS):

The CFO and CS are fully qualified to hold the position in the Company were printed and circulated in time along-with Directors Review on the affairs of the Company.

#### **AUDIT COMMITTEE:**

An audit committee comprises of the following members:-

Miss Humera Malik	Chair Person
Mr. Khurram Durrani	Member
Mr . Junaid Bhatti	Member

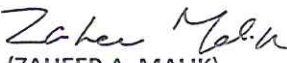
#### **FUTURE OUTLOOK**

Litigation at various courts of law is still pending due to frequent adjournments and changes in rosters. Since management was able to straighten various compliance issues and regain control of the premises, the new startup is the next planned step. The operation of the Company will be restarted before close of year 2019. Various options were under consideration including trading / distribution of pharmaceutical. After considerable market analysis, the management has decided to do general trading business which save and can grow in various filed.

#### **BOARD OF DIRECTORS:**

The Board comprises of four executive and three non-executives directors including. There were 3 director meeting were held during the financial year.

On behalf of Board of Directors

  
(ZAHEER A. MALIK)

CHAIRMAN

## ڈائریکٹر رپورٹ

میں آپ کو کمپنی کے 58 سالانہ اجلاس میں بورڈ آف ڈائریکٹر کی طرف سے خوش آمدید کہتا ہوں اور سالانہ آڈیٹڈ اکاؤنٹس کے ہمراہ پیش کرتا ہوں، مالی سال 30 جون، 2018 کیلئے۔

مالی نتائج	۲۰۱۹	۲۰۱۸
سیل	1075353	400345
مجموعی نقصان		
خالص نقصان	4521937	684501

ان حالات میں انتظامیہ اخراجات میں مزید کمی کرنے کی کوشش کر رہی ہے۔ آڈیٹرز نے کمپنی کے گونگ کنسرن حالات پر سوال اٹھائے ہیں، لیکن ڈائریکٹرز ابھی بھی مثبت سوچ کے حامل ہیں اور کاروبار کی نئی ابتداء اور بہتری کے منتظر ہیں۔ قانونی معاملات میں کوئی تبدیلی نہیں آئی ہے۔ آمدنی/نقصان فی حصص (2.77) روپے تھی۔

### کارپورٹ گورننس:

آپ کی کمپنی کے ڈائریکٹرز کو سیکورٹی اینڈ ایچجیج کمیشن کے حکم کے تحت پاکستان اسٹاک ایچجیج کی ریگولیشن کے کارپورٹ گورننس کے کوڈ کے تحت اپنی ذمہ داری کی مکمل آگہی ہے۔ ہم کارپورٹ گورننس کے کوڈ کے تحت تمام ضروری کر رہے ہیں۔

### حصص داری:-

حصص داری کا پیٹرن اس رپورٹ کا حصہ ہے۔

### آڈیٹرز:-

موجودہ آڈیٹرز ایم ایس راؤ اینڈ کمپنی ریٹائرڈ ہو رہے ہیں اور لائق ہونے کی وجہ سے اپنی خدمات کے لئے دوبارہ چننے کے لئے پیش ہو رہے ہیں۔

## صلاحیت:-

کمپنی کے چیف فائننشل آفیسر اور کمپنی سیکریٹری اپنی ذمہ داری پوری کرنے کی مکمل پیشہ وارانہ صلاحیت کے حامل ہیں۔

## آڈیٹ کمیٹی:-

آڈیٹ کمیٹی کے ممبران درج ذیل ہیں۔

مس حمیرا ملک	چیر پرسن
مسز سیمنا ظہیر	ممبر
مسٹر جنید بھٹی	ممبر

## مستقبل کی نقطہ نظر:-

متعدد التواء اور روسٹرز میں تبدیلی کی وجہ سے مختلف عدالتوں میں قانونی چارہ جوئی ابھی باقی ہے۔ چونکہ انتظامیہ کمپلائنس کے مختلف امور کو ٹھیک کرنے اور پری میس پر دوبارہ قابو پانے میں کامیاب ہو گئی تھی۔ نیا آغاز اگلا منصوبہ ہے۔ سال 2019ء کے اختتام سے قبل کمپنی کا کام دوبارہ شروع کیا جائے گا۔ مختلف منصوبے زیر غور ہیں جیسے کہ دواؤں کی تجارت اور تقسیم۔ کافی مارکیٹ تجزیہ کے بعد انتظامیہ نے عمومی تجارتی کاروبار کرنے کا فیصلہ کیا ہے۔ جو بچا سکتا ہے اور مختلف شعبوں میں ترقی کر سکتا ہے۔

## بورڈ آف ڈائریکٹرز:-

بورڈ میں چار ایگزیکٹو اور تین نان ایگزیکٹو ڈائریکٹرز شامل ہیں۔ مالی سال میں تین ڈائریکٹرز کی میٹنگز ہوئی تھیں۔

بورڈ آف ڈائریکٹرز کی طرف سے

Zaher Malik

**STATEMENT OF COMPLIANCE WITH THE CODE OF  
WITH LISTED COMPANIES  
(CODE OF CORPORATE GOVERNANCE ), REGULATION 2017**

1 The company has complied with the requirements of the Regulations in the following manner:

The total number of directors are 7 as per the following

a, Male Five  
b, Female Two

The composition of board is as follows:

Catogories	Names
Chief Executive Officer	Zahir A Malik
Managing Director	Mahmood A. Malik
Director	Humera Malik
Director	Seema Zaheer
Director	Khurram Durrani
Director	Junaid Bhatte
Director	Shahzad Samad

2 The Directors have confirmed that none of them is serving as director in more than ten listed Companies, including this company.

3 All the resident directors of the Company are registered as taxpayers and none of them have defaulted in payment of any loan to banking company, a DFI or an NBFIs or being a member of a Stock Exchange has been declared as a defaulter by that Stock Exchange.

4 No casual vacancy occurred on the Board during the year under review.

5 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.

6 The Board has developed a vision/mission statements, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates in which they were approved or amended has been maintained.

7 All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

8 The meeting of the board was presided over by the Chairman and in his absence by a director elected by the board for this purpose and Board meeting once in every quarter. Written notice of the board meeting, along with agenda and working papers were circulated as at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

- 9 No director training programme was arranged by the Board during the year.
- 10 No new appointment of CFO and Company Secretary and Head of Internal Audit has been made during the year.

11 The Board has formed the Committees comprising of members given below.

- a. Audit Committee
- Humera Malik  
Khurram Durrani  
Junaid Bhatti
- b. HR and remuneration committee
- Humera Malik  
Khurram Durrani

12 The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

13 The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:

- a. Audit Committee
- |                                  |   |
|----------------------------------|---|
| Number of meeting mentioned here | 1 |
|----------------------------------|---|
- b. HR and remuneration committee
- |                                  |   |
|----------------------------------|---|
| Number of meeting mentioned here | 1 |
|----------------------------------|---|

14 The board has set up and effective internal audit function, the staff is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

15 The Board has set-up an effective internal audit function.

The Statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan,(ICAP) 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 Institute of Chartered Accountants of Pakistan.

17 The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulation and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18 We confirm that the all the other requirements of the Regulation have been complied with.

On behalf of the Board of Directors

  
Chief Executive

Karachi

Date: October 10, 2019

# RAO & COMPANY

CHARTERED ACCOUNTANTS

TELEPHONES

32412778 & 32412779

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Email: raocakhi@outlook.com

TELEGRAMS

AKOUNTVIEW

4, Karachi Chambers  
Hasrat Mohani Road,  
P. O. Box 5061  
Karachi-2  
PAKISTAN

## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICE OF CODE OF CORPORATE GOVERNANCE

We have reviewed the statement of compliance with Listed Companies (Code of Corporate Governance) Regulation, 2017 ( the regulation) prepared by the Board of director of the **Hashmi Can Company Limited** (the Company) for the year ended June 30, 2019 in accordance with the requirement of regulation 40 of the Regulation.

The responsibility for compliance with Regulation 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 compliances with the provision of the Regulation and report if it does not and to highlight any non – Compliance with the requirements of the Regulation. A review is limited primarily to inquiries of the Company's personal and review of various documents prepared by the Company to comply with the Regulation.

As part of our audit of financial statement we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal controls, covers all controls and the effectiveness of such internal control, the Company's Corporate Governance procedure and risks.

The Regulation requires the Company to place before the Audit Committee, and upon the recommendation of the Audit committee, place before the Board of Director for their consideration and approval, its related party transactions and also ensure compliance with requirement of section 208 of the Companies Act 2017. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transaction before the Audit Committee. We have not carried out any producers to determine whether the related party transactions were undertaken at arms price or not.

Base on our review, we are unable to express any comments that the Statement of Compliance reflects the company's compliances in all material respects and with the requirement contained in the Regulation as applicable to the Company for the year ended June 30, 2019.

  
Rao and Company,  
Chartered Accountants



Name of audit engagement partner  
Shafqat Raza

Karachi

Date: 10 OCT 2019

# RAO & COMPANY

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PAKISTAN

## AUDITORS' REPORT TO THE MEMBER

### Report on the Audit of the Financial Statements

#### Disclaimer Opinion

We do not express an opinion on the accompanying financial statements of **Hashmi Can Company Limited**. Because of the significant matters described in the basis of Disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the financial statements of the Company, which comprise the statement of financial position as at June 30, 2019 and the related statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

#### Basis for Disclaimer of Opinion

- a) On November 3, 2010, the operation of the Company came to a sudden halt due to illegal strike of unionized workers. Subsequently the management was forced to close down establishment and terminate services of all employees on January 18, 2011 under section 11(1) of standing order of industrial and commercial Act of 1968. However, during the year the management successfully repossessed the premises and started restoring all the records and documents in order to restart its business activity.
- b) As of the date of our audit report the management was still in the process of restoring factory side, recovering records and essential documents. However essential records and supporting documents with respect to the receivables, payable, bank, balances, property, plant and equipments are yet to be fully recovered.
- c) Due to the matter discussed in paragraph (a) and (b), and lack of complete accounting records and supporting documents, we were unable to verify property, plant and equipments amounting to Rs.89.25 million, current assets amounting to Rs. 13.109/- (2018: 13.854) million and liability aggregating to Rs.139.21/- (2018: 134.747) million. Accordingly, it was not practicable to extend our procedures sufficiently to determine the extent to which the financial statements may have been affected by the conditions.

#### 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 responsibility is to conduct the and audit of the Company's financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matters describe in the basis of disclaimer of opinion section to our report, we were not able to obtain sufficient and appropriate audit evidence to provide basis for an opinion on these financial statements.

We are independent of the Company in accordance with the international Ethics Standards Board for Accounting' code of Ethics for Professional Accountant as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibility in accordance with the Code.

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

  
Rao and Company  
Chartered Accountants



Place: Karachi

Date: 1,0 OCT 2019

**HASHIMI CAN COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	89,249,103	89,303,870
Long-term deposits	5	744,873	744,873
		89,993,976	90,048,743
<b>CURRENT ASSETS</b>			
Trade debts-unsecured and considered good	6	2,129,640	2,129,640
Advances, deposits and prepayments	7	10,953,652	10,953,652
Cash and bank balances	8	26,552	26,552
		13,109,844	13,109,844
		<u>103,103,820</u>	<u>103,158,587</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
5,000,000 (2018: 5,000,000) Ordinary shares of Rs. 10/- each		50,000,000	50,000,000
Issued, subscribed and paid-up-capital	9	16,335,000	16,335,000
Capital reserve	10	1,669,590	1,669,590
Surplus on revaluation of fixed assets land	11	76,230,000	76,230,000
Accumulated (Loss)		(130,345,259)	(125,823,323)
		(36,110,669)	(31,588,733)
<b>NON-CURRENT LIABILITIES</b>			
Long term finance - Secured	12	77,219,438	72,727,269
		77,219,438	72,727,269
<b>CURRENT LIABILITIES</b>			
Creditors, provisions and accrued charges	13	61,463,405	61,488,405
Other liabilities	14	500,998	500,998
Provision for taxation	15	30,648	30,648
		61,995,051	62,020,051
Contingencies and commitments	16	-	-
		<u>103,103,820</u>	<u>103,158,587</u>

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

*Zaher Malik*  
**CHIEF EXECUTIVE**

*Mahmood Malik*  
**DIRECTOR**

**HASHIMI CAN COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
Sales		-	-
Less: Cost of sales	17	(1,075,373)	(400,354)
Gross (loss)		(1,075,373)	(400,354)
Administrative and selling expenses	18	(3,446,564)	(284,147)
Operating (loss)		(3,446,564)	(284,147)
Other income		-	-
Financial charges		-	-
Net loss before taxation		(4,521,937)	(684,501)
Provision for taxation		-	-
Net (loss) after taxation		(4,521,937)	(684,501)
Loss per share - Basic	19	(2.77)	(0.42)

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

*Zaher Malik*  
**CHIEF EXECUTIVE**

*Mahmood Malik*  
**DIRECTOR**

**HASHIMI CAN COMPANY LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2019 Rupees</b>	<b>2018 Rupees</b>
Net (loss) after taxation	(4,521,937)	(684,501)
<b>Other comprehensive income</b>	-	-
Total comprehensive (loss) for the year	<u>(4,521,937)</u>	<u>(684,501)</u>

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

*Zaher Malik*  
CHIEF EXECUTIVE

*Mohammad Malik*  
DIRECTOR

**HASHIMI CAN COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Issued, subscribed and paid-up	Capital reserves	Accumulated losses	Surplus on revaluation of land	Total
	----- Rupees -----				
Balance as at June 30, 2017	16,335,000	1,669,590	(125,138,822)	76,230,000	1,121,025
Loss for the year	-	-	(684,501)	-	(684,501)
Balance as at June 30, 2018	16,335,000	1,669,590	(125,823,323)	76,230,000	436,525
Loss for the year	-	-	(4,521,937)	-	(4,521,937)
Balance as at June 30, 2019	16,335,000	1,669,590	(130,345,259)	76,230,000	(4,085,412)

*Zaher Malik*  
**CHIEF EXECUTIVE**

*Mahmood Malik*  
**DIRECTOR**

**HASHIMI CAN COMPANY LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

	2019 Rupees	2018 Rupees
<b>CASH FROM OPERATION ACTIVITIES</b>		
Net (loss) before taxation	(4,521,937)	(684,501)
Adjustments for:		
Depreciation	54,767	61,028
	54,767	61,028
Operating (loss) before working capital changes	(4,467,170)	(623,473)
Increase / (decrease) in current liabilities:		
Creditors, provisions and accrued charges	(25,000)	75,000
Cash (used) in / generated from operations	(25,000)	75,000
Net cash used in operating activities	(4,492,170)	(548,473)
<b>CASH FROM INVESTING ACTIVITIES</b>		
Net cash generated / (used in) from investing activities	-	-
<b>CASH FROM FINANCING ACTIVITIES</b>		
Long term finance - Secured	4,492,170	548,473
Net cash generated from financing activities	4,492,170	548,473
Net increase /(decrease) cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	26,552	26,552
Cash and cash equivalents at the end of the year	26,552	26,552

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

*Zaker Malik*  
CHIEF EXECUTIVE

*Mahmood Malik*  
DIRECTOR

**HASHIMI CAN COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**1 NATURE AND STATUS OF BUSINESS**

The Company is incorporated in Pakistan as a public Limited Company and its shares are quoted on Karachi Stock Exchange. Its main business is to undertake manufacture of tin containers and processing of canned food. Its registered office is situated at B-24, S.I.T.E, Karachi.

- 1.1 The operation of the Company came to a sudden halt due to illegal strike of unionized workers on November 3, 2010. Strike continued till management was forced to close down establishment and terminate services of all employees on January 18, 2011 under section 11(1) of standing order of industrial and commercial Act of 1968. Since all the utilities were disconnected due to non payments and business activity was completely shut down. The terminated workers instead of accepting the termination forcefully occupied the premises of the Company and vandalized the Plant and machinery having Written down value of Rs. 2.533 million, Furniture Fixture having Written Down Value of Rs. 1.279 million, Store and Spares valued of Rs. 5.120 million and Stock in trade valued of Rs. 8.823 were Stole and robbed the same various complaints and FIR were registered against the illegal occupants and several litigation are pending in Court of Law.

Litigation at various courts of law are still pending due to frequent adjournments and changes in rosters. Since management was able to straighten various compliance issues and regain control of the premises, the new startup is the next planned step. The operation of the Company will be restarted before close of year 2019. various option were under consideration including trading / distribution of pharmaceutical. after considerable market analysis, the management has decided to do general trading business which save and can grow in various filed.

**1.2 GOING CONCERN ASSUMPTION**

The Company has been sustaining significant losses over the years and as June 30, 2019. accumulated losses of the Company reaches to Rs. 130.345 million resulting in negative equity of Rs. 36.110 million and the matter stated in above notes, However , these financial statements have been prepared using going concern assumption . In this connection the management of is opinion that the Company is a going concern entity because the management is striving hard to restart the shut down operation, since the management was busy in compliance of past nine years as on that period the management does not have possession of the Company, now the Company is in a batter position in terms of mandatory reporting and compliance, the subsequent year agenda is revival of business. for this purpose it was decided and approved in Annual General meeting and board of directors meeting to pay of all liabilities of the Company by sale of land and restart with a clean balance sheet.

**1.3 SUMMARIES OF SIGNIFICANT ACCOUNTING TRANSACTION**

During the year there were no significant transaction occurred that may effect the financial position of the Company.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

- 2.1.1 These financial statements have been prepared in accordance with the requirements of the Companies Act, 2017 and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS or IFAS, the requirements of the Companies Act, 2017 or the requirements of the said directives prevail.

**2.2 Accounting convention**

**HASHIMI CAN COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

These financial statements have been prepared under the historical cost convention, except that certain property, plant and equipment is stated at fair value as determined by an independent valuer.

**HASHIMI CAN COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**2.3 Significant accounting estimates and judgments**

The preparation of financial statements in conformity with the AFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments, which are significant to the financial statements:

- i) Determination and measurement of useful life and residual value of property plant and equipments (note 3.1)
- ii) Income tax (notes 3.3)
- iii) Impairment of non-financial assets (Notes 3.10)
- iv) Provision for trade debts and other receivables (note 3.6)

**2.4 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency and rounded to nearest rupee.

**2.5 Standards, interpretations and amendments applicable to financial statement**

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

**2.5.1 First time adoption of IFRS 9 – Financial Instruments**

Effective July 1, 2018, the Company has adopted 'IFRS 9 - 'Financial instruments'. This standard replaces the guidance in IAS 39. Key changes in the new standard include requirements on the classification, measurement and derecognition of financial assets and liabilities. The standard also contains new requirements for hedge accounting and replaces the current incurred loss impairment model with an expected credit loss model. Accordingly, the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories.

**2.5.2 First time adoption of IFRS 15 - Revenue from Contracts with Customers**

Effective July 1, 2018, the Company has adopted IFRS 15, "Revenue from Contracts with Customers". This standard, replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition. Key changes in the new standard include a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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The adoption of IFRS 15 does not have any significant impact on these financial statements of the Company. However, related changes to the accounting policies have been made in these financial statements.

**2.5.3 Standards, interpretations and amendments to published approved accounting standards that became effective during the year but are not relevant**

The following standards, amendments and interpretations with respect to approved accounting standards would be effective from the date mentioned below against the respective standards, amendments or interpretations:

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 2, 'Share Based Payments' - Classification and measurement of share based payment transactions - (Amendments)	January 1, 2018
IAS 40, Investments property transfer of investments property (Amendments)	July 1, 2018
IFRS 9, 'Prepayment Features with Negative Compensation' - (Amendments)	January 1, 2018
IFRS 4, 'Insurance Contracts': Applying IFRS 9 'Financial Instruments' with IFRS 4 Insurance	January 1, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2019

The Company expects that the adoption of the above amendments and interpretation of the standards will not effect the Company's financial statements in the period of initial application.

**Standards, interpretations and amendments to published approved accounting standards that are not yet effective.**

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

<b>Standard or interpretation</b>	<b>Effective date (annual periods Beginning on or after)</b>
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 1, 2019
IFRS 9 – Prepayment Features with Negative Compensation – (Amendments)	January 1, 2019
IFRS 16 – Leases	January 1, 2019
IAS 19 – Plan Amendment, Curtailment or Settlement (Amendments)	January 1, 2019

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IAS 28 – Long-term Interests in Associates and Joint Ventures – (Amendments) January 1, 2019

IFRIC 23 – Uncertainty over Income Tax Treatments January 1, 2019

**Annual improvements 2015-2017**

**Effective date  
(annual periods  
Beginning on or  
after)**

IFRS 3 – Business combinations’, definition of a business (Amendments) January 1, 2019

IAS 1 – Presentation of financial statements (Amendment) January 1, 2020

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (Amendments) January 1, 2020

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

**Standard or interpretation**

IFRS 14 - Regulatory Deferral Accounts January 1, 2016

IFRS 17 - Insurance Contracts January 1, 2021

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the presentation 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**

**Owned**

These are stated at cost less accumulated depreciation. Depreciation is charged on systemic basis i.e. depreciation is charged quarterly to income on reducing balance method, whereby the cost of an asset is written off over its useful life. Depreciation on additions is charged from the quarter in which the asset put to use while no depreciation is charged in the quarter in which the assets are disposed off.

Maintenance and normal repairs are charged to the profit and loss, account as and when incurred while cost of major replacements and improvements, if any, are capitalized.

Gain or loss on disposal of fixed assets is taken to income currently.

**Leased**

Assets held under finance lease are stated at cost, financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged on systemic basis i.e. depreciation is charged quarterly to income on reducing balance method, Whereby the cost of an asset is written off over its useful life. Depreciation on additions is charged from the quarter in which the asset put to use while no depreciation is charged in the quarter in which the asset are disposed off.

**3.2 Borrowing cost**

**HASHIMI CAN COMPANY LIMITED**  
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Borrowing costs directly attributable to the acquisition, construction or production of the qualifying assets under construction are capitalized and added to the asset's cost until such time the assets are substantially ready for their intended use, i.e., when they are capable of commercial production. All other borrowing costs are recognized as an expense in the income statement in the period in which they are incurred.

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**3.3 Taxation**

**a) Current**

The provision for income tax is calculated in accordance with the provision of Income Tax Ordinance, 2001.

**b) Deferred**

Deferred tax is provided by using the balance sheet liability method on all temporary differences at the balance sheet date arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilized.

**3.4 Stores and spares**

These are valued at cost calculated on moving average basis less provision for obsolescence, if any.

**3.5 Stock in trade**

Stock in trade is stated at lower of cost and net realizable value. The cost is determined using average cost method, and include expenditure in acquiring the stocks, conversion cost and other cost incurred in bringing them to their existing location and condition

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and selling expense.

Stock in transit is valued at cost comprising invoice value plus other charges incurred thereon.

**3.6 Trade debts-unsecured and considered good**

Trade debts are carried at invoice / charge amount which is the fair value less an estimate made for loss on account of doubtful debts based on review of outstanding amounts at year end. Provision is made in respect of those balances having no activity and which are considered doubtful by the management. Balances considered bad and irrecoverable are written off when identified.

**3.7 Cash and cash equivalents**

For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand and cash at bank.

**3.8 Creditors, provisions and accrued charges**

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration paid or payables in the future for goods and services received.

**3.9 Revenue recognition - IFRS 15**

Revenue is recognized when performance obligations are satisfied by transferring control of a good or service to a customer, either at a point in time or over time of an amount that reflects the consideration to which the entity 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:

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**3.9.1 Sale of goods**

Revenue from contracts for sale of goods is recognized upon delivery and acknowledgement of the good by the customer i.e. point in time when the performance obligation of the Company is satisfied.

**3.10 Impairment**

The carrying amount of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of the asset is estimated and impairment loss is recognized in the profit and loss account.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**3.11 Provisions**

Provisions are recognized when:

- The Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate of the amount can be made.

**3.12 Financial instruments - IFRS 9**

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from July 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 9, corresponding figures have not been restated and any adjustment to carrying amount of financial assets and liabilities were recognised in the opening retained earnings as of the transition date.

**3.12.1 Classifications and remeasurement**

On July 1, 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassifications and adjustments are as follows:

Financial assets - July 1, 2018	Carrying amount as reported under IAS 39 July 1, 2018	Reclassification	Remeasurements	Carrying amount as reported under IFRS 9 July 1, 2018
Trade debts-unsecured and considered good	2,129,640	-	-	2,129,640
Advances, deposits and prepayments	10,953,652	-	-	10,953,652
Cash and bank balances	26,552	-	-	26,552
	<u>13,109,844</u>	<u>-</u>	<u>-</u>	<u>13,109,844</u>

The following table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at July 1, 2018.

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Financial assets - July 1, 2018	Original classification as per IAS 39	New Classification as per IFRS 9	Original amount as per IAS 39	New Carrying amount IFRS 9
<b>Financial assets</b>				
Trade debts-unsecured and considered good	Loan and receivable	Amotized cost	2,129,640	2,129,640
Advances, deposits and prepayments	Loan and receivable	Amotized cost	10,953,652	10,953,652
Cash and bank balances	Loan and receivable	Amotized cost	26,552	26,552
<b>Financial liabilities</b>				
Long term finance - Secured	Other financial liabilities	Amotized cost	72,727,269	72,727,269
Creditors, provisions and accrued charges	Other financial liabilities	Amotized cost	61,488,405	61,488,405
Other liabilities	Other financial liabilities	Amotized cost	500,998	500,998

**3.13 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet where there is a legally enforceable right to setoff the recognized amount and the company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**3.14 Foreign currency translation**

Transactions in foreign currencies are translated into Pakistan Rupees at the exchange rates prevailing at the date of transactions. Foreign exchange gains and losses, if any, are recognized in the profit and loss account.

**3.15 Defined contribution plan**

The Companys' provident fund Scheme covers all eligible employees who have completed their qualifying period. The Scheme is administrative by Trustees.

**3.16 Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are long term loans, trade and other payables and accrued markup.

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4 PROPERTY, PLANT AND EQUIPMENT

JULY 2017 TO JUNE 2018

Particulars	Cost / Revaluation			Rate %	Depreciation				W.D.V. as at 30.06.18
	As at 01.07.2017	Addition / Deletion	As at 30.06.2018		As at 01.07.17	Disposal	For the period	As at 30.06.18	
Leasehold land	76,230,000	-	76,230,000	0%	-	-	-	-	76,230,000
Building at lahore	12,500,000	-	12,500,000	0%	-	-	-	-	12,500,000
Building on lease hold land Karachi	2,681,144	-	2,681,144	5%	2,594,357	-	4,339	2,598,696	82,448
Plant and machinery	9,544,121	-	9,544,121	10%	9,104,706	-	43,941	9,148,648	395,473
Food processing machine	527,505	-	527,505	10%	451,639	-	7,587	459,226	68,279
Furniture, Fixture and equipment	155,158	-	155,158	10%	141,101	-	1,406	142,507	12,651
Motor vehicles	2,974,412	-	2,974,412	20%	2,955,639	-	3,755	2,959,393	15,019
<b>JUNE 2018</b>	<b>104,612,340</b>	<b>-</b>	<b>104,612,340</b>		<b>15,247,442</b>	<b>-</b>	<b>61,028</b>	<b>15,308,470</b>	<b>89,303,870</b>

JULY 2018 TO JUNE 2019

Particulars	Cost / Revaluation			Rate %	Depreciation				W.D.V. as at 30.06.19
	As at 01.07.2018	Addition / Deletion	As at 30.06.2019		As at 01.07.18	Disposal	For the period	As at 30.06.19	
Leasehold land	76,230,000	-	76,230,000	0%	-	-	-	-	76,230,000
Building at lahore	12,500,000	-	12,500,000	0%	-	-	-	-	12,500,000
Building on lease hold land Karachi	2,681,144	-	2,681,144	5%	2,598,696	-	4,122	2,602,819	78,325
Plant and machinery	9,544,121	-	9,544,121	10%	9,148,648	-	39,547	9,188,195	355,926
Food processing machine	527,505	-	527,505	10%	459,226	-	6,828	466,054	61,451
Furniture, Fixture and equipment	155,158	-	155,158	10%	142,507	-	1,265	143,772	11,386
Motor vehicles	2,974,412	-	2,974,412	20%	2,959,393	-	3,004	2,962,397	12,015
<b>JUNE 2019</b>	<b>104,612,340</b>	<b>-</b>	<b>104,612,340</b>		<b>15,308,470</b>	<b>-</b>	<b>54,767</b>	<b>15,363,236</b>	<b>89,249,103</b>

**HASHIMI CAN COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Notes	2019 Rupees	2018 Rupees
4.1	Depreciation charge for the year has been allocated as follows:		
	Cost of sales	41,623	46,381
	Administrative expenses	13,144	14,647
		<u>54,767</u>	<u>61,028</u>
5	<b>LONG-TERM DEPOSITS</b>		
	Security deposits	<u>744,873</u>	<u>744,873</u>
6	<b>TRADE DEBTORS - unsecured</b>		
	Considered good	2,129,640	2,129,640
	Considered doubtful	3,315,048	3,315,048
		5,444,688	5,444,688
	Less: Provision for doubtful debts	(3,315,048)	(3,315,048)
		<u>2,129,640</u>	<u>2,129,640</u>
6.1	It includes an amount of Rs. 2,129,640 receivable from Sun Shine Cloth Limited, Which is under liquidation, and the claim has been filed with liquidator. However, the quantum of recoverable amount has yet not been determined by the liquidator. So, no provision for any irrecoverable is provided.		
7	<b>ADVANCES, DEPOSITS AND PREPAYMENTS</b>		
	<b>Advances - unsecured, considered good</b>		
	- Income tax refundable	285,802	285,802
	- Advance income tax	1,846,550	1,846,550
	- Advance to suppliers	8,045,942	8,045,942
		10,178,294	10,178,294
	<b>Deposits and prepayments- unsecured , considered good</b>		
	- Deposits	220,900	220,900
	- Prepayments	398,424	398,424
	- Other Receivable	156,034	156,034
		775,358	775,358
		<u>10,953,652</u>	<u>10,953,652</u>
7.1	This includes an amount of Rs. 7,237,755/- paid to M/s Swiss Embroidery (Private) Limited for supply of tin plate and other material, but the supplier has failed to supply material. A suit for recovery has been filed with the High Court of Sindh and the matter is pending for adjudication.		

**HASHIMI CAN COMPANY LIMITED**  
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	2019 Rupees	2018 Rupees
<b>8 CASH AND BANK BALANCES</b>		
Cash at bank - current accounts	26,552	26,552
	<u>26,552</u>	<u>26,552</u>
<b>9 SHARE CAPITAL</b>		
<b>Authorised capital</b>		
5,000,000 (2018: 5,000,000) Ordinary shares of Rs. 10/- each	<u>50,000,000</u>	<u>50,000,000</u>
<b>Issued, subscribed and paid up capital</b>		
1,034,500 (2018: 1,034,500) Ordinary shares of Rs. 10/- each fully paid up in cash	10,345,000	10,345,000
170,000 (2018: 170,000) Ordinary shares of Rs.10/- each fully paid, issued for consideration other than cash	1,700,000	1,700,000
429,000 (2018: 429,000) Ordinary shares of Rs. 10/- each issued as fully paid up bonus shares	4,290,000	4,290,000
	<u>16,335,000</u>	<u>16,335,000</u>
<b>10 CAPITAL RESERVE</b>		
This represents the difference between the written down value of the " Original" and "Revalued" Costs of a Machinery transferred by CIBA GIEGY (Pakistan) Limited, on completion of 6 years on 31-12-97, as per an agreement dated 28-05-91.		
<b>11 SURPLUS ON REVALUATION OF FIXED ASSETS - Land</b>		
11.1 The above amount represents the total value of the leasehold plot of land bearing survey No. B-24, S.I.T.E, Karachi. The original value of such land is reported to be already included in the value of the building which is subject to depreciation charge.		
11.2 The further revaluation of land have been made in the year 2002-03 as per the valuation report of M/s. Consultancy Support & Services. The revaluation surplus is recorded in to the books as per the matching priciple of accounting, the reverse of prior years depreciation on land have been included in profit and loss account in the year of revaluation as prior year adjustment to effect to effect value prior to revaluation.		
11.3 The revaluation is taken effect on 30-04-2003 in the books of accounts and no depreciation is charged for the period from 1-7-2002 to onwards.		

**HASHIMI CAN COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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		2019 Rupees	2018 Rupees
<b>12</b>	<b>LONG TERM LIABILITY</b>		
	Provident fund contribution / loan payable		
	Balance July 1	23,752,135	23,852,135
	Contribution of employees	-	-
	Contribution of company	-	-
		23,752,135	23,852,135
	Loan deductions from employees during the year	-	-
	Paid to employees during the year	(35,000)	(100,000)
		23,717,135	23,752,135
	Mark-up	-	-
	Balance June 30	23,717,135	23,752,135
	Loan from related parties	53,502,303	48,975,134
		<u>77,219,438</u>	<u>72,727,269</u>
12.1	Interest on provident fund loan is being charged @ 16% per annum.		
12.2	These are unsecured and interest free loans from directors and associates.		
12.3	The SECP has instructed the company to pay the amount of provident fund along with its interest to the provident fund along with its interest to the to the provident fund trustees with 18months in 6 equal quartely installments starting from October 05, 2005 for which the company has an order from the Honorable Highi Court of Sindh for the disposal of partial plot of land and the sale proceeds will be applied to pay the liability and the transaction is expected to be completed within one year.		
<b>13</b>	<b>CREDITORS, PROVISIONS AND ACCRUED CHARGES</b>		
	Trade creditors	35,549,573	35,549,573
	Accrued expenses	13,678,502	13,678,502
	Deposits from customers	80,000	80,000
	Advances from customers	3,304,882	3,304,882
	Sales tax payable	261,013	261,013
	Other creditors	2,033,136	2,058,136
	Other loan	4,050,300	4,050,300
	Provision against final settlement of salary	2,506,000	2,506,000
		<u>61,463,405</u>	<u>61,488,405</u>
<b>14</b>	<b>OTHER LIABILITIES</b>		
	Unclaimed dividend	412,540	412,540
	Workers' profit participation fund	85,060	85,060
	Others	3,398	3,398
		<u>500,998</u>	<u>500,998</u>

**HASHIMI CAN COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	2019 Rupees	2018 Rupees
<b>15 PROVISION FOR TAXATION</b>		
Balance - July 01	30,648	30,648
Provision for the year	-	-
Less: Adjustment in respect of assesment completed.	-	-
	<u>30,648</u>	<u>30,648</u>
<b>16 CONTINGENCIES AND COMMITMENTS</b>		
In compliance with the court order, Services of 381 surplus staff / workers were terminated on 26th November 1999, their full and final dues are outstanding and as on the balance sheet date 190 staff / workers have been paid their full and final dues and 190 staff / worker's dues remain outstanding.		
<b>17 COST OF SALES</b>		
Factory repair	-	58,000
Factory security charges	1,033,750	-
Factory cleaning and other expense	-	295,973
Depreciation	41,623	46,381
	4	
	1,075,373	400,354
	<u>1,075,373</u>	<u>400,354</u>
<b>18 ADMINISTRATIVE AND SELLING EXPENSES</b>		
Fees and subscription	766,818	19,500
Rent , rate and taxes	952,702	-
Legal and professional charges	1,625,000	134,000
Audit fee	75,000	75,000
Mise Expense	13,900	41,000
Depreciation	13,144	14,647
	<u>3,446,564</u>	<u>284,147</u>
<b>19 LOSS PER SHARE - BASIC</b>		
Loss after taxation for the year	(4,521,937)	(684,501)
Weighted average number of share outstanding during the year	1,633,500	1,633,500
Loss earning per share	<u>(2.77)</u>	<u>(0.42)</u>

**HASHIMI CAN COMPANY LIMITED**  
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**20 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprises of associated undertakings, other related parties, directors, key management personnel and staff retirement funds. Amount due from and due to these undertakings are shown under receivable and payables. Transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	2019 Rupees	2018 Rupees
Loan obtained from director during the year	<u>4,527,169</u>	<u>648,473</u>

Outstanding balance of the related parties are disclosed in their respective head in this financial statements.

**21 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS**

There were no remuneration paid to Chief executive, Executives and Directors of the company. ( 2018: Nil)

**22 FINANCIAL RISK MANAGEMENT**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversee how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit Department (IAD). IAD undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

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

	2019 Rupees	2018 Rupees
<b>Carrying amount</b>		
Trade debts-unsecured and considered good	2,129,640	2,129,640
Advances, deposits, prepayments and other receivables	9,107,102	9,107,102

**HASHIMI CAN COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Cash at bank	26,552	26,552
	<u>11,263,294</u>	<u>11,263,294</u>

**Bank balances**

The credit quality of the Company's cash and cash equivalents, held with various commercial banks and financial institutions is assessed with reference to extent credit rating thereof, ranging from AA+ to A1+ assigned by the reputable credit rating agencies.

**22.2 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty to meet its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Company's reputation. The following are the contractual maturity of the financial liabilities, including interest payments.

Financial liabilities	Carrying amount	2019		
		Contractual cash flows		
		Total	Up to one year	More than
		----- Rupees -----		
Long term finance	77,219,438	77,219,438	-	77,219,438
Creditors, provisions and accrued charges	61,463,405	61,463,405	61,463,405	-
Other liabilities	500,998	500,998	500,998	-
	<u>139,183,841</u>	<u>139,183,841</u>	<u>61,964,403</u>	<u>77,219,438</u>

Financial liabilities	Carrying amount	2018		
		Contractual cash flows		
		Total	Up to one year	More than one
		----- Rupees -----		
Long term finance	72,727,269	72,727,269	-	72,727,269
Creditors & other liabilities	61,488,405	61,488,405	61,488,405	-
Other liabilities	500,998	500,998	500,998	-
	<u>134,716,672</u>	<u>134,716,672</u>	<u>61,989,403</u>	<u>72,727,269</u>

**22.3 Market risk**

Market risk is the risk that the value of the financial instruments fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demands of securities and liquidity in the market. Market risk comprises of three types of risk namely, interest risk and other price risk.

**22.3.1 Interest rate risk**

Interest rate risk represent the risk that the fair value of the future cash flows of the financial instruments will fluctuate because of the changes in market interest rates. The Company interest rate risk arises on Banking finance.

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**22.3.2 Other price risk**

Other price risk is the risk that fair value of the future cash flows of the financial instruments will fluctuate because of the changes in market price (other than arising from the interest and currency risk) whether this changes caused by the factor specific to the financial instruments or its issuer or factors effecting similar financial instruments traded in financial markets. The Company is not exposed to other price risk.

**22.4 Fair value of financial assets and liabilities**

The fair value of the financial assets and liabilities is the value in which assets could be exchange or a liability settled between knowledgeable willing parties in an arms length transaction.

**22.5 Operational risk**

Operational risk is the risk of direct or indirect losses arising from a wide variety of causes associated with the processes, technologies and infrastructure supporting the Company's operation either internally with in the Company or externally to the Company's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal regulatory requirements and generally accepted standards of investments and management behavior. Operation risk arises from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting financial losses and damage to its reputation and generating returns from stake holders.

The primary responsibility for the development and implementation of the controls over operational risk rest with the Board of Directors. This responsibility encompasses the controls in the following areas:

- requirements for the segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of the transactions;
- compliance with the regulatory and other legal requirements;
- documentations of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and adequacy of controls and procedures to address the risk identified;
- ethical and business standards; and
- risk mitigation, including insurance where effective.

Senior management ensure that the Company's staff have adequate training and experience and foster effective communication related to the operational risk management.

**22.6 Capital risk management**

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide the shareholders and benefits for other stakeholders and to maintain optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on the capital, which the Company defines as net profit after taxation divided by total shareholders equity. The Board of Directors also monitors the level of dividend for ordinary shareholders.

**23 NUMBER OF EMPLOYEES**

The total number of employees as on June 30, 2018 were Nil (2018: Nil) where as average number of employees

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were Nil (2018: Nil).

**24 DATE OF AUTHORIZATION**

These financial statements have been authorized for issue on 10 OCT 2019 by the Board of Directors of the Company.

*Zaker Malik*  
CHIEF EXECUTIVE

*Mahmood Malik*  
DIRECTOR

**PATTERN OF HOLDING SHARES BY THE SHAREHOLDERS  
AS AT JUNE 30, 2019**

NO. OF SHAREHOL DER	SHARE HOLDING TOTAL		SHARE HELD
	FROM	TO	
470	1	100	13307
104	101	500	24157
23	501	1000	18122
26	1001	5000	60540
4	5001	10000	29400
1	10001	15000	10395
2	20001	25000	46631
1	45001	50000	45688
1	50001	55000	51907
1	85001	90000	89730
1	235001	240000	240000
1	325001	330000	326815
1	620001	760251	676808
636			1633500

Categories of Shareholders	Numbers of Shareholders	Shares Held Percentage
Individuals	475	4.36
Insurance Companies	3	0.48
Financial Institutions	2	9.86
Joint Stock Companies	0	0
Investment Companies	2	0.3
Cooperative Society	1	0
Holding of Directors	7	85
Total	490	100

## CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2019

Categories of Shareholders	Numbers of Share Holders	Shares Held
<b>Individuals</b>	475	
Holding less than 10%		71057
<b>Insurance companies</b>	3	
Adamjee Insurance co ltd		2364
EFU General Insurance		110
Pakistan General Insurance		5250
<b>Financial institution</b>	2	
National Bank of Pakistan Trustee Deptt.		161063
United Bank Limited		200
<b>Investment Companies</b>	2	
Investment Corporation of Pakistan		4729
NH Securities Pvt Limited		82
<b>Cooperative Society</b>	1	
		25
<b>Holding of Directors</b>	4	
Mr. Zaheer A. Malik		1321568
Miss. Humera Malik		54407
Mr. Mahmood A, Malik		2500
Mrs. Seema Zaheer		2500
Mr. Junaid Bhatti		2500
Mr. Khurram Durrani		2500
Mr. Shahzad Samad		2500
<b>TOTAL</b>	<b>490</b>	<b>1633500</b>

**PATTERN OF HOLDING SHARES BY THE SHAREHOLDERS  
AS AT JUNE 30, 2018**

NO. OF SHAREHOLDER	SHARE HOLDING TOTAL		SHARE HELD
	FROM	TO	
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1	620001	760251	676808
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**CATEGORIES OF SHREHOLDERS  
AS AT JUNE 30, 2018**

CATEGORIES OF SHARE HOLDERS	Number of Shares	SHARE HELD
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Investment Companies	2	0.3
Cooperative Society	1	0
Holding of Directors	4	85
<b>TOTAL</b>	<b>487</b>	<b>100</b>