

*REPORT & FINANCIAL STATEMENTS*

*OF*

*PAKISTAN COTTON GINNERS ASSOCIATION*

*FOR THE YEAR ENDED JUNE 30, 2022*

**MAHBOOB SHEIKH & COMPANY**  
CHARTERED ACCOUNTANTS

Near Auto Plaza, Dera Adda, L.M.Q. Road, Multan (Pakistan)

Tel: 4515248-4589205 Fax: 4588410

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## **MAHBOOB SHEIKH & Co.**

*Chartered Accountants*

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### **STATUTORY INDEPENDENT AUDITORS' REPORT**

**To the members of "PAKISTAN COTTON GINNERS ASSOCIATION"**

**Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the annexed financial statements of "PAKISTAN COTTON GINNERS ASSOCIATION" which comprise the statement of financial position as at June 30, 2022 and the statement of income and expenditure account and the statement of accumulated fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly, in all material respects give a true and fair view of the state of the financial position of the Association's affairs as at June 30, 2022 and of its financial performance and its cash flows for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

#### **Basis for Opinion**

We conducted our audit in accordance with the 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 Association 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 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.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Executive Committee is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan and for such internal control as the Executive Committee 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, Executive Committee is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- \* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- \* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 Association'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 Association to cease to continue as a going concern.
- \* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

**Dated: September 09, 2022**  
**Location : Multan**

*Mahboob*

**MAHBOOB SHEIKH & CO.**  
**CHARTERED ACCOUNTANTS**  
**Engagement Partner: Mahboob Ahmad Sheikh**



**PAKISTAN COTTON GINNERS ASSOCIATION  
BALANCE SHEET  
AS AT JUNE 30, 2022**

CAPITAL AND LIABILITIES	NOTE	2022 (Rupees)	2021 (Rupees)
General fund	4	29,222,226	31,233,416
<b>Non current liabilities</b>			
Provident fund	5	39,081	39,081
Dam Fund	5	7,470,000	8,580,000
<b>Current liabilities</b>			
Advance annual subscription and admission fee	6	13,113,000	9,026,000
Accrued and other payables	7	575,014	711,641
		13,688,014	9,737,641
		50,419,322	49,590,138
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	8	29,439,969	17,284,739
Deposits and Prepayments	9	18,485	18,485
<b>Current Assets</b>			
Loan and advances	10	469,525	459,525
Other receivables	11	941,764	958,366
Cash and bank balances	12	19,549,579	30,869,022
		20,960,868	32,286,913
		50,419,322	49,590,138

The annexed notes 01 to 21 form an integral part of these financial statements.

CHAIRMAN

MEMBER EXECUTIVE COMMITTEE



SECRETARY GENERAL

**PAKISTAN COTTON GINNERS ASSOCIATION  
INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2022**

	NOTE	2022 (Rupees)	2021 (Rupees)
Income	13	9,663,000	10,015,000
Other income	14	2,310,012	2,100,081
		<u>11,973,012</u>	<u>12,115,081</u>
Operating expenses	15	(13,816,515)	(16,658,901)
Financial expenses	16	(167,653)	(241,753)
		<u>(13,984,168)</u>	<u>(16,900,654)</u>
Surplus/(deficit)		<u>(2,011,156)</u>	<u>(4,785,573)</u>

The annexed notes 01 to 21 form an integral part of these financial statements.

CHAIRMAN

MEMBER EXECUTIVE COMMITTEE



SECRETARY GENERAL

**PAKISTAN COTTON GINNERS ASSOCIATION  
STATEMENT OF CHANGES IN GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund (Rupees)
As at June 30, 2020	<u>36,018,954</u>
Surplus/(deficit) for the year	(4,785,573)
As at June 30, 2021	<u>31,233,382</u>
Surplus/(deficit) for the year	(2,011,156)
As at June 30, 2022	<u>29,222,226</u>

CHAIRMAN

MEMBER EXECUTIVE

  
SECRETARY GENERAL

**PAKISTAN COTTON GINNERS ASSOCIATION**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	2022 (Rupees)	2021 (Rupees)
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:-</b>		
Surplus/ (deficit) before tax	(2,011,156)	(4,785,573)
Adjustment for the year		
Add :		
Depreciation	1,915,009	1,046,420
Finance cost	167,653	241,753
Surplus/(deficit) before changes in working capital	2,082,661	1,288,172
<b>CHANGES IN WORKING CAPITAL</b>		
(Increase) / decrease in current assets		
Loan and advances	(10,000)	65,000
Other receivables	16,602	39,966
	6,602	104,966
Increase /( decrease ) in current liabilities		
Advance annual subscription and admission fee	4,087,000	63,000
Accrued and other payables	(136,163)	10,770
Dam Fund Payable	(1,110,000)	-
	2,840,837	73,770
Changes in working capital	2,918,945	(3,318,664)
Finance cost paid	(167,653)	(241,753)
<b>Net cash from operating activities</b>	<b>2,751,292</b>	<b>(3,560,417)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Increase in fixed assets	(14,070,735)	(808,325)
<b>Net cash from Investing activities</b>	<b>(14,070,735)</b>	<b>(808,325)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Provident fund paid	-	-
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>
<b>NET CASH AND CASH EQUIVALENT FROM ALL ACTIVITIES</b>	<b>(11,319,443)</b>	<b>(4,368,742)</b>
<b>CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR</b>	<b>30,869,022</b>	<b>35,237,764</b>
<b>CASH AND CASH EQUIVALENT AT THE END OF THE YEAR</b>	<b>19,549,579</b>	<b>30,869,022</b>

The annexed notes 01 to 21 form an integral part of these financial statements.

CHAIRMAN

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SECRETARY GENERAL