

Moving FORWARD

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VISION

Statement

United Brands Limited is committed to being a profitable customer-driven and socially responsible organization. We aim to become the leaders of our industry and set benchmark for others.

MISSION

Statement

We strive to be the best distributor and want to serve as an industry standard. We empower our employees for continuous growth and enable them to ensure success for our partner companies, principals and customers.

CORE

Values

Passion
Integrity
Partnership
Excellence

OVERALL

Corporate Strategy

United Brands Limited is a dynamic organization and plans to grow by expanding the coverage network further within Pakistan. Expansion plans also include introducing new international brands in the local market.

BRANDS

The Kellogg's logo is written in a red, cursive script font.The CALIBUR logo features the word in a bold, blue, sans-serif font, enclosed within a blue rectangular border.The L'ORÉAL PARIS logo consists of the word "L'ORÉAL" in a large, red, serif font, with "PARIS" in a smaller, red, sans-serif font below it.The molfix logo is in a blue, lowercase, sans-serif font with a small pink dot above the 'i'.The Ovaltine logo features the word in a blue, stylized font, set against a golden, circular background with a wheat stalk.The Pringles logo shows a cartoon potato character with a mustache and a red bow tie, with the word "Pringles" in a yellow, stylized font below it.The Schick logo is in a white, serif font, set within a black, shield-shaped border.The Spotfree logo features the word in a purple, sans-serif font, with the tagline "From Norway to Pakistan" above it and "MIRACULOUS ANION PADS" below it.The SEARLE VITAMIN Water logo includes the word "SEARLE" in a small, black, sans-serif font, followed by "VITAMIN" in a large, bold, black, sans-serif font, and "Water" in a smaller, black, sans-serif font below it.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Munis Abdullah	Chairman
Mr. Hasan Tariq Khan	Independent Director
Ms. Tayyaba Rasheed	Independent Director
Mr. Syed Nadeem Ahmed	Non-Executive Director
Mr. Zubair Razzak Palwala	Non-Executive Director
Mr. Syed Qaiser Abbas	Chief Executive Officer
Mr. Rizwan Ahmad	Executive Director

AUDIT COMMITTEE

Ms. Tayyaba Rasheed	Chairperson
Mr. Zubair Razzak Palwala	Member
Mr. Syed Nadeem Ahmed	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Hasan Tariq Khan	Chairman
Mr. Syed Nadeem Ahmed	Member
Mr. Syed Qaiser Abbas	Member

CHIEF FINANCIAL OFFICER

Mr. Shariq Ahmed

COMPANY SECRETARY

Mr. Farooq Akbar*

*(During the year, Mr. Abbas Ali resigned from the post of Company Secretary & in his place, Mr. Farooq Akbar was appointed as new Company Secretary).

INTERNAL AUDITORS

Grant Thornton Anjum Rahman,
Chartered Accountants

EXTERNAL AUDITORS

A.F. Ferguson & Company,
Chartered Accountants

LEGAL ADVISOR

Abdul Karim Khan & Company

BANKERS

Habib Bank Limited
Bank Al-Habib Limited
Standard Chartered Bank (Pakistan) Limited
Silkbank Limited
Meezan Bank Limited
Al Baraka Bank Limited
Habib Metropolitan Bank Limited

REGISTERED OFFICE

2nd Floor, One IBL Center,
Block No. 7 & 8, DMMCHS,
Shahrah-e-Faisal, Karachi-75530
Tel: 37170183,
Fax: 35635530, 35682772

SHARE REGISTRAR

CDC Share Registrar Services Limited
CDC House, 99-B, Block-B, SMCHS
Shahra-e-Faisal, Karachi - 74400

WEBSITE

www.ubrandz.biz

NOTICE OF 57th ANNUAL GENERAL MEETING OF UNITED BRANDS LIMITED

Notice is hereby given that 57th Annual General Meeting of the members of M/s. United Brands Limited will be held on Thursday, October 28, 2021 at 02:30 p.m. at Ground Floor, One IBL Center, Block No. 7 & 8, DMMCHS, Shahrah-e-Faisal, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting of the Company held on October 27, 2020.
2. To receive, consider and adopt annual audited financial statements for the year ended June 30, 2021 together with the Directors' and Auditors' Report thereon.
3. To appoint auditors for the next financial year ending June 30, 2022 and fix their remuneration. The present auditors, M/s. A.F.Ferguson & Company, Chartered Accountants, retired and being eligible, have offered themselves for re-appointment. The board has recommended the re-appointment of A. F. Ferguson & Co., Chartered Accountants, as the auditors of the Company for the year ending June 30, 2022.

OTHER BUSINESS

4. To transact any other business with the permission of the Chair.

Date: October 07, 2021
Place: Karachi

By the order of the board



Company Secretary

Notes

A. Book closure:

- i. The share transfer books will remain closed from October 22, 2021 to October 28, 2021 (both days inclusive). Transfers in good order, received at the office of Company's Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 by close of the business on October 21, 2021 will be treated in time for the purpose of attending the annual general meeting.

B. Participation in General Meeting:

- i. All members/shareholders are entitled to attend, speak and vote at the annual general meeting. A member/shareholder may appoint a proxy to attend, speak and vote on his/her behalf. The proxy needs to be a member of the Company. Proxies in order to be effective must be received by the Company's Registered Office: 2nd Floor, One IBL Center, Block No. 7 & 8, DMMCHS, Shahrah-e-Faisal, Karachi – 75530 not less than 48 hours before the meeting.

- ii. In pursuance of Circular No. 1. of 2000 of SECP dated January 26, 2000 the beneficial owners of the shares registered in the name of Central Depository Company (CDC) and/or their proxies are required to produce their Computerized National Identity Card (CNIC) or passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of the CNIC or the passport of the beneficial owner and the proxy.

In case of corporate entity, the Board of Directors' Resolution/ Power of Attorney with specimen signature of the nominee shall be produced at the time of the meeting.

- iii. Member are requested to intimate any changes in addresses immediately to Company's Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi – 74400.

D. Request for Video conference facility:

In term of SECP's Circular No. 10 of 2014 dated May 21, 2014 read with the provisions contained under section 134(1) (b) of the Act, if the Company receives request /demand from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city, subject to availability of such facility in that city.

I/We, _____ of _____ being a member of the United Brands Limited, holder of _____ ordinary shares as per registered folio # _____ hereby opt for video conference facility at

Signature of Member (s)

The company will intimate members regarding venue of video conference facility at least five days before the date of annual general meeting along with the complete information necessary to enable them to access the facility.

CHAIRMAN'S REVIEW REPORT

(Under Section 192 of the Companies Act, 2017)

An annual evaluation of the Board of Directors' overall performance is conducted in compliance with the requirement of the Code of Corporate Governance and the Companies Act, 2017. The purpose of this evaluation is to ensure that the Board of Directors' (the Board) performance is measured in the context of overall corporate objectives and governance structure of the Company. For the financial year ended 30 June 2021, the Board's overall performance and effectiveness has been assessed as 'Satisfactory'.

The following sections summarize how the overall performance of the Board is assessed as satisfactory in achieving Company's objectives:

1. Corporate governance structure and Compliance with regulations

The Company has a well-developed corporate governance system which is the combination of processes established and executed by the Board that are reflected in the Company's structure with the aim of achieving objectives of the Company as a whole to ensure compliance with all the statutory and regulatory requirements applicable upon the Company.

General Meeting(s) is the highest decision-making body in the Company. The shareholders are responsible for appointing the Board Members at the General Meeting of the Company. The shareholders also appoint the external auditors in General Meeting(s) who report to the shareholders on the annual and half yearly financial performance of the Company in their annual auditors' report and half-yearly review report respectively.

2. Board of Directors

The appointment, roles and responsibilities of the Board of the Company are outlined in Articles of Association of the Company. Throughout the year, the membership balance criteria set down in the Code of Corporate Governance in relation to executive, non-executive and independent members of the Board was maintained by the Company together with an appropriate level of skills, experience and capabilities across the membership.

The Board of the Company complies with all relevant rules and regulations. The Board comprises of well-known business professionals who add real value to the Board through their expertise, experience and strong value systems. The Board has laid down policies and procedures to ensure a professional corporate environment that promotes timely disclosure, accountability, high ethical standards, and compliance with applicable laws, regulations and corporate governance.

During the year under review, the Board has effectively discharged its responsibilities towards the Company and participated in all strategic affairs diligently. All quarterly, half yearly and annual financial results were thoroughly reviewed and the Board extended its guidance to the management on regular basis. The Board also played a key role in monitoring of management performance and focus on major risk areas.

3. Committees to the Board

The Board's Audit Committee and Human Resource & Remuneration Committee have also discharged their responsibilities as per relevant laws, norms and best practices throughout the year. The Board carefully monitors their performance on periodic basis.

4. Vision, mission and values

The Board members are familiar with the current vision, mission and values and support them.

5. Engagement in strategic planning

The Board has a clear understanding of its stakeholders and a strategic vision of how the organisation should be evolving over the next three to five years. The Board identifies goals and targets for the management in all major performance areas and key indicators for tracking progress.

6. Formulation of policies

The Board has established policies that cover all essential areas of the Board's responsibilities.

7. Monitoring of organisation's business activities

The Board is aware of the Company's current business activities and is updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants.

8. Monitoring of financial resources

The Board is knowledgeable about key aspects relating to managing the financial resources of the Company and provides appropriate direction and oversight on a timely basis. The Board ensures that the budget reflects the priorities established in the annual plan and the strategic plan. The Board complies with regulations governing the external audit/ review of annual and interim accounts of the Company and pays due consideration to the recommendations made by the external auditors and internal auditors from time to time.



Munis Abdullah

Chairman
24-Sep-21

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of United Brands Limited take pleasure in presenting their report together with the audited Financial Statements for the year ended June 30, 2021. The Directors' Report is prepared in accordance with Section 227 of the Companies Act, 2017.

Principal Activities

United Brands Limited is engaged in distribution of fast-moving consumer goods and allied products. The portfolio includes cereals, snacks, baby care, personal care, milk modifiers, shaving blades, cosmetics and other allied products.

Summary of Financial Performance

	2021	2020
	(Rupees in thousand)	
Revenue	3,286,744	3,574,526
Gross profit	529,813	886,708
Gross profit as a percentage of revenue	16%	25%
Operating profit / (loss)	77,667	(38,569)
Profit / (loss) after taxation	61,840	(259,546)

Financial Performance:

The revenue of Company has decreased by PKR 288 million as compared to same period last year due to discontinuation of few businesses. Gross margin has also decreased from 25% to 16% due to change of business portfolio and strategy from import-based businesses to local accounts where margins are usually low. This paradigm shift in strategy is in line with prevailing market conditions and Government focus on curtailment of imports. Service income from wholly owned subsidiary IBL Logistics (Private) Limited has increased due to addition of new business in Faisalabad by PKR 339 million which is 146% increase as compared to same period last year.

Operating expenses of Company have decreased due to cost control initiatives and discontinuation of imported business lines in last financial year. Finance cost has decreased by PKR 91 million due to repayment of Company's debt and lowering of interest rates by State bank of Pakistan.

Holding Company

International Brands Limited is the holding Company of United Brands Limited. As at June 30, 2021, International Brands Limited held 88,200,462 shares of PKR 10 each (96.08%).

Basic / diluted earnings per share

Basic / diluted earnings per share were **PKR 0.67** (2020: PKR (2.83))

Impact on Environment:

Company is not engaged in any business activity that has negative consequence on the environment.

Statement of Ethics and Business Practices

Performance with integrity is central to operating at United Brands Limited. The Board of Directors have adopted a statement of ethics and business practices. All employees are informed and aware of it and are required to observe these rules of conduct in relation to business and regulations.

Principal Risks and uncertainties

Principal risk associated with the entity includes:

Nature of Risk	Description
Business Risk	Discontinuation of Business resulting in reduction in revenue and profit
Operational / Business Risk	Rupee devaluation resulting in exchange loss
Liquidity Risk	High interest cost on borrowings. Shortage of funds affecting timely financing of operating & investing activities.
Operational / Business Risk	Piling of stock leading to product expiries, increased storage cost and working capital blockage. Loss of revenue due to parallel imports
Regulatory Risk	Change in custom tariffs of taxes, duties, regulations & foreign exchange rate variation deteriorating the margin and profitability.

Risk Management

The Company's overall risk management program focuses on minimizing potential adverse effects on the Company's performance. The overall risk assessment of the Company is undertaken by the Senior Management, governed under the supervision of Group's Corporate Centre, the results of which are shared with the Board of Directors. Risk identification, assessment and management process entails identifying, evaluating and addressing strategic, financial, commercial and operational risks faced by the Company. Based on the risk assessment, key challenges are addressed and opportunities identified, action plans developed and executed to achieve the long-term strategic objectives of the Company.

Corporate Social Responsibility

Despite incurring losses in past few years, the Company continued to play its role in the area of CSR as we at United Brands belief in striving and keeping the balance between business and contribution to society.

In words of great Janie Lewis;

"We have a social responsibility, a constitutional opportunity and a moral obligation to help others."

Composition of Board on 30th June 2021

Directors	No. of Directors	
Total No. of Directors		7
a.	Male	6
b.	Female	1

Board Composition	No. of Directors	
a.	Independent Directors	2
b.	Executive Directors	2
c.	Other Non-Executive Directors	3

Committee	Name of Directors	Designation
Audit Committee	Ms. Tayyaba Rasheed	Chairperson
	Mr. Zubair Razzak Palwala	Member
	Mr. Syed Nadeem Ahmed*	Member
HR Committee	Mr. Hassan Tariq Khan	Chairman
	Mr. Syed Nadeem Ahmed	Member
	Mr. Syed Qaiser Abbass	Member

*Subsequent to the year end, Mr. Syed Nadeem Ahmed was appointed as CEO of the Company and in place Mr. Hasan Tariq Khan was appointed.

Meetings of the Board of Directors

During the year 2021, seven Board Meetings were held and attended as follows:

Name of Directors	Meeting Attended
Mr. Rashid Abdulla	2
Mr. Syed Nadeem Ahmed*	7
Ms. Tayyaba Rasheed	6
Mr. Hasan Tariq Khan	7
Mr. Zubair Razzak Palwala	7
Mr. Syed Qaisar Abbas	7
Mr. Rizwan Ahmad*	6
Mr. Ayaz Abdulla*	1
Mr. Munis Abdullah	3
Mr. Asad Abdulla*	0

Fee paid to directors for attending the Board of Directors Meetings during the year amounted to Rs. 0.4 million (2020: Rs. 0.25 million).

During the year Mr. Ayaz Abdulla and Mr. Asad Abdulla retired from the board and in place Mr. Syed Nadeem Ahmed and Mr. Rizwan Ahmad were elected.

Audit Committee

The committee comprises of three members, all are non-executive Directors and the Chairman of the Committee is an independent director.

The terms of reference of the Committee have been determined by the Board of Directors in accordance with the guidelines provided in the listing Regulations and advised to the Committee for compliance. An independent audit function reporting to the Board's audit committee reviews risks and controls across the organization.

During the year 2020-21, four audit committee meetings were held and attended as follows:

Members	Meeting Attended
Ms. Tayyaba Rasheed	4
Mr. Syed Nadeem Ahmed	4
Mr. Zubair Razzak Palwala	4

Human Resource and Remuneration Committee

The committee comprises of three members; two are non-executive Directors including the Chairman of the Committee and one is executive Director.

Directors Training:

The Board has arranged Director's Training Program for the following;

- Syed Qaiser Abbas - Executive Director
- Rizwan Ahmad - Executive Director

Financial statements and auditors

The financial statements of the Company have been audited and approved without qualification by the auditors, A.F. Ferguson, Chartered Accountants. Further, the present auditors, A.F. Ferguson, Chartered Accountants, retired and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their reappointment as Auditors of the Company for the year ending June 30, 2022, at a fee to be mutually agreed.

Subsequent Events

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

Value of Investments of Provident Fund

The fair value of investment of provident fund as per its financial statements at June 30, 2021 is PKR 8.2 million (June 30, 2020 is 7.6 million).

Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The financial statements are prepared in accordance with International Financial Reporting Standards, as applicable in Pakistan.
- The Company maintains a sound internal control system which gives reasonable assurance against any material misstatements or loss. The internal control is regularly reviewed. This has been formulized by the Board's Audit Committee and updated as and when needed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Code of Corporate Governance as detailed in the listing regulations.

Future Outlook

Company has been able to turn its bottom line from red to green which suggests that the rehabilitation strategy is working correctly. This has been made possible due to timely decisions on strategic basis and efforts of employees and assistance by other stakeholders. The Company is expected to continue to improve its profitability and the winning streak in coming years.

We also take this opportunity to thank our employees for their continued contribution in the achievement of Company's results.

Shareholding Information

The Company's shares are traded on Pakistan Stock Exchange. The pattern of Shareholding as at June 30, 2021 and other related information is set out on page 104 to 106.

During the year, one of the directors Mr. Zubair Razzak Palwala sold shares of the company which were duly informed and reported to the regulatory authorities.


Except for the above and transfer of qualifying shares, none of the Directors, CEO, CFO and Company Secretary and their spouses and minor children carried out any trades in the shares of the Company.

Karachi.

Date: September 20, 2021



Syed Qaisar Abbas
Director



Hasan Tariq Khan
Director



Zubair Razzak Palwala
Director

ڈائریکٹرز رپورٹ برائے حصص کنندگان

یونائیٹڈ برانڈز لمیٹڈ کے ڈائریکٹرز ۳۰ جون ۲۰۲۱ء کے اختتامی سال کے لئے اپنی رپورٹ ہمہ آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ یہ رپورٹ کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۲۷ کے مطابق تیار کی گئی ہے۔

بنیادی سرگرمیاں:

یونائیٹڈ برانڈز لمیٹڈ FMCG اور منسلک مصنوعات کی تقسیم میں مصروف عمل ہے۔ پورٹ فولیو میں سیرینلز، اسٹیکس، بے بی ریچ، ملک موڈیفائیر، ڈائپرز، پرسنل کئر، شیونگ ہیلڈز، کاسٹکس اور دیگر ملتی جلتی اشیاء شامل ہے۔

مالیاتی کارکردگی کا جائزہ:

	2021	2020
	(Rupees in thousand)	
Revenue	3,286,744	3,574,526
Gross profit	529,813	886,708
Gross Profit as a percentage of revenue	16%	25%
Operating profit / (loss)	(77,667)	(38,569)
Profit / (loss) for the period	61,840	(259,540)

مالی جائزہ:

کمپنی کی آمدنی میں پچھلے سال کے مقابلے میں 288 ملین روپے کی کمی واقع ہوئی ہے جسکی وجہ کچھ کاروباری لائسنز کا بند ہونا ہے۔ کمپنی کا مارجن بھی ۲۵ فیصد سے ۱۶ فیصد ہو گیا ہے جس کی وجہ بزنس پورٹفولیو میں تبدیلی اور کمپنی کے درآمدی کاروبار کا لوکل کاروبار میں تبدیل ہونا ہے جہاں مارجنز عموماً کم ہوتے ہیں۔ حکمت عملی میں یہ تبدیلی موجودہ کاروباری حالات اور حکومت کی درآمدات کم کرنے کی پالیسی کے مطابق ہے۔ فیصل آباد میں نئے لاجسٹک کاروبار کو شامل کرنے کے سبب ذیلی کمپنی IBL Logistics (Pvt.) Ltd. کی سروس آمدنی میں 339 ملین اضافہ ہوا ہے جو کہ پچھلے سال کے مقابلے میں 146% زیادہ ہے۔

کاروباری لاگت میں کمی آئی ہے جس کی وجہ خرچوں پر قابو اور پچھلے سال درآمدی کاروبار کا بند ہونا ہے۔ مالی لاگت میں 91 ملین روپے کی کمی آئی ہے جسکی وجہ قرضوں کی ادائیگی اور اسٹیٹ بینک آف پاکستان کی شرح سود میں کمی ہے۔

ہولڈنگ کمپنی:

انٹرنیشنل بڑانڈز لمیٹڈ، یونائیٹڈ بڑانڈز لمیٹڈ کی ہولڈنگ کمپنی ہے۔ 30 جون 2021 تک انٹرنیشنل بڑانڈز لمیٹڈ کے پاس فی شیئر 10 روپے کے حساب سے 880,200,462 شیئرز (96.08%) تھے۔

فی حصص آمدنی:

۳۰ جون ۲۰۲۱ کو ختم ہونے والے سال میں فی حصص آمدنی میں 0.۶۷ روپے رہی۔ (۳۰ جون ۲۰۲۰: (۲.۳۸) روپے) ہے۔

ماحول پر اثرات:

کمپنی ایسی کسی کاروباری سرگرمیوں میں شامل نہیں رہی جس کے نتیجے میں کاروباری ماحول پر منفی نتائج برآمد ہوتے ہیں۔

اخلاقیات اور کاروباری امور کا اسٹیٹمنٹ:

یونائیٹڈ برائڈز لمیٹڈ میں کام کرنے کیلئے دیانتداری مرکزی حیثیت رکھتی ہے۔ بورڈ آف ڈائریکٹرز نیا اخلاقیات اور کاروباری طریقہ کار کو اپنایا ہے۔ تمام ملازمین کو اس سے باخبر کیا جاتا ہے اور انہیں کاروبار اور قوانین سے متعلق طرز عمل پر عمل کرنے کو ضروری سمجھا گیا ہے۔

اہم خطرات اور غیر یقینی صورتحال:

ادارے سے وابستہ اہم خطرات میں شامل ہیں:

خطرے کی نوعیت	تفصیل
کاروباری خطرہ	کاروباری عمل رکنے کے نتیجے میں آمدنی اور منافع میں خسارہ ہونا۔
آپریشنل / کاروباری خطرہ	روپے کی قدر میں کمی کے نتیجے میں زرمبادلہ میں نقصان ہونا۔
لیکویڈٹی کا خطرہ	قرضہ جات پر سود کی لاگت فنڈز کی قلت کے باعث آپریٹنگ اور سرمایہ کاری کی سرگرمیوں کی بروقت مالی اعانت پر اثر پڑنا۔
آپریشنل / کاروباری خطرہ	پڑوڈکٹ کی معیار ختم ہونے، اسٹوریج کی لاگت میں اضافہ اور ورکنگ کپٹل میں رکاوٹ کے سبب اسٹاک کا ڈھیر لگنا۔ متوازی درآمدات کے باعث آمدنی میں نقصان
ریگولیٹری خطرہ	ٹیکسز کے کسٹم ٹیرف، ڈیوٹیز، ریگولیشنز اور غیر ملکی زرمبادلہ کی شرح میں تبدیلی سے مارجن اور منافع میں بگاڑ پیدا ہونا

رسک مینجمنٹ:

کمپنی کا مجموعی رسک مینجمنٹ پروگرام کمپنی کی کارکردگی پر ممکنہ منفی اثرات کو کم کرنے پر مرکوز ہے، سینئر مینجمنٹ کی جانب سے کمپنی کی گروپ کے کارپوریٹ سینٹر کی نگرانی میں مجموعی خطرات کی تشخیص کی جاتی ہے جس کے نتائج بورڈ آف ڈائریکٹرز کے ساتھ شیئر کئے گئے ہیں۔ کمپنی خطرے کی شناخت، تشخیص اور انتظام کے عمل میں شامل خطرات، اسٹاپک معاملات، مالیاتی، تجارتی اور آپریشنل خطرات کا سامنا کرتی ہے۔ خطرے کی تشخیص کی بنیاد پر کلیدی چیلنجز کا ازالہ کیا جاتا ہے اور مواقع کی نشاندہی کی جاتی ہے، کمپنی کے طویل مدتی اسٹریٹجک مقاصد کے حصول کیلئے عملی منصوبے تیار کئے جاتے ہیں اور ان پر عمل کیا جاتا ہے۔

کاروباری سماجی ذمہ داری:

گذشتہ کچھ سالوں میں ہونے والے نقصانات کے باوجود کمپنی نے سی ایس آر کے شعبے میں اپنا کردار جاری رکھا کیونکہ ہم بطور یونائیٹڈ برائڈز معاشرے میں کاروبار اور شراکت کے مابین توازن برقرار رکھنے پر یقین رکھتے ہیں۔

Janie Lewis کے الفاظ میں:

"دوسروں کی مدد کرنا ہماری سماجی ذمہ داری، آئینی موقعہ اور اخلاقی فرض ہیں"

مندرجہ ذیل ممبران 30 جون 2021 کو بورڈ آف ڈائریکٹرز کا حصہ تھے؛

ڈائریکٹرز	ڈائریکٹرز کی تعداد
ڈائریکٹرز کی کل تعداد	7
☆ مرد	6
☆ خواتین	1
بورڈ کی تشکیل	ڈائریکٹرز کی تعداد
☆ آزاد ڈائریکٹرز	2
☆ ایگزیکٹو ڈائریکٹرز	2
☆ دیگر غیر ایگزیکٹو ڈائریکٹرز	3

کمپنی	ڈائریکٹرز کے نام	عہدہ
آڈٹ کمیٹی	محترمہ طیبہ رشید جناب زبیر رزاق پالوالا جناب سید ندیم احمد *	چئیر پرسن غیر ایگزیکٹو ڈائریکٹر غیر ایگزیکٹو ڈائریکٹر
ہومین ریسورس کمیٹی	جناب حسن طارق خان جناب ندیم احمد جناب سید قیصر عباس	چئیر مین غیر ایگزیکٹو ڈائریکٹر غیر ایگزیکٹو ڈائریکٹر

* نئے سال کے آغاز میں محترم سید ندیم احمد کمپنی کے سی ای او مقرر ہوئے اور انکی جگہ پر جناب حسن طارق خان صاحب آڈٹ کمیٹی کے ممبر مقرر کئے گئے۔

بورڈ آف ڈائریکٹرز کی میٹنگ:

سال 2021 کے دوران بورڈ کی سات میٹنگز ہوئی جس میں درج ذیل ڈائریکٹرز نے شرکت کی:

ڈائریکٹرز کے نام	میٹنگ میں حاضری کی تعداد
جناب راشد عبداللہ	2
جناب سید ندیم احمد	7
محترمہ طیبہ رشید	6
جناب حسن طارق خان	7
جناب زبیر رزاق پالوالا	7
جناب سید قیصر عباس	7
جناب رضوان احمد	6
جناب ایاز عبداللہ	1
جناب مونس عبداللہ	3
جناب اسد عبداللہ	0

دوران سال بورڈ آف ڈائریکٹرز کی میٹنگ میں شرکت کیلئے ڈائریکٹرز کو ادائیگی کی جاتی ہے (0.4 ملین روپے تھی۔ 2020: 0.25 ملین روپے)

سال کے دوران جناب ایاز عبداللہ اور جناب اسد عبداللہ بورڈ سے ریٹائر ہو گئے اور انکی جگہ جناب سید ندیم احمد اور جناب رضوان احمد منتخب ہوئے۔

آڈٹ کمیٹی:

کمیٹی تین ممبران پر مشتمل ہے، تمام غیر ایگزیکٹو ڈائریکٹرز کا چیرمین آزاد ڈائریکٹر ہے۔
بورڈ آف ڈائریکٹرز نے کمیٹی کے حوالے سے شرائط و ضوابط لسٹنگ ریگولیشنز میں فراہم کردہ ہدایت کے مطابق طے کی ہیں اور کمیٹی کو اس پر عمل کرنے کا مشورہ دیا ہے۔ ایک آزاد آڈٹ ڈپارٹمنٹ بورڈ کی آڈٹ کمیٹی کو تمام خطرات کے جائزے اور ان کو کنٹرول کرنے کی رپورٹ پیش کرتا ہے۔

سال 2020-21 کے دوران آڈٹ کمیٹی کی چار میٹنگز ہوئیں جس میں درج ذیل نے شرکت کی:

ممبران	میٹنگ میں حاضری کی تعداد
محترمہ طیبہ رشید	4
جناب زبیر رزاق پالوالا	4
جناب سید ندیم احمد	4

ہیومن ریسورس اور معاوضے کی کمیٹی:

کمیٹی تین ممبران پر مشتمل ہے، ایک ایگزیکٹو اور دیگر بشمول چیرمین غیر ایگزیکٹو ڈائریکٹرز ہیں۔

ڈائریکٹرز کی تربیت:

دوران سال بورڈ نے مندرجہ ذیل ممبران کی تربیت کا انتظام کیا:

- جناب سید قیصر عباس	ایگزیکٹو ڈائریکٹرز
- جناب رضوان احمد	ایگزیکٹو ڈائریکٹرز

مالیاتی حسابات اور آڈیٹرز:

آڈیٹرز اے ایف فرگوسن، چارٹرڈ اکاؤنٹنٹس کے ذریعہ کمپنی کے مالی گوشواروں کا آڈٹ کیا گیا ہے اور اس کی منظوری دے دی گئی ہے۔ مزید یہ کہ کمپنی کے موجودہ آڈیٹرز میسرز اے ایف فرگوسن، چارٹرڈ اکاؤنٹنٹس سبکدوش ہو رہے ہیں اور اہل ہونے کی حیثیت سے خود کو دوبارہ تقریری کے لئے پیش کرنے کے اہل ہیں۔ بورڈ آف ڈائریکٹرز نے باہمی اتفاق رائے کے تحت میسرز اے ایف فرگوسن، چارٹرڈ اکاؤنٹنٹس کو بطور آڈیٹرز مالیاتی سال 30 جون 2022 کیلئے انہی شرائط و ضوابط اور اجرت پر دوبارہ تقرر کرنے کیلئے سفارش پیش کی ہے۔

بعد از واقعات:

مالیاتی سال کے آخر اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالیاتی حیثیت میں تبدیلی کیلئے کوئی اثرات مرتب نہیں ہوئے ہیں۔

پروویڈنٹ فنڈ کی سرمایہ کاری پر ویلیو:

30 جون 2021 کو کمپنی کے مالی بیانات کے مطابق پروویڈنٹ فنڈ میں سرمایہ کاری کی فیئر ویلیو مبلغ 8.2 ملین پاکستانی روپے ہے۔ (30 جون 2021 کو مبلغ 7.6 ملین پاکستانی روپے)۔

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک:

- ☆ مالیاتی حسابات جو کہ کمپنی کی انتظامیہ نے مرتب کئے ہیں اور اس میں تمام مندرجات بالکل صحیح پیش کئے گئے ہیں جس میں اس کے آپریشن، نقد کالین دین اور ایکویٹی میں تبدیلیاں شامل ہیں۔
- ☆ کمپنی نے حساب کے کھاتے مناسب طریقے سے مرتب کئے ہیں۔
- ☆ مالیاتی حسابات کی تیاری میں مناسب اکاؤنٹنگ کی پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور اکاؤنٹنگ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔
- ☆ انٹرنیشنل فنانشل رپورٹنگ کا معیار جو کہ پاکستان میں قابل اطلاق اور اس کے مطابق مالیاتی حسابات کی تیاری کی گئی ہے۔
- ☆ آڈٹ کمیٹی نے آپریشنز کو موثر انداز میں انجام دینے، کمپنی اثاثوں کی حفاظت، قابل اطلاق قوانین اور ضوابط کی تعمیل اور قابل اعتماد مالی رپورٹنگ کے لئے داخلی کنٹرولز کا ایک موثر نظام قائم کیا ہے۔
- ☆ اس کمپنی کو مسلسل چلانے کیلئے اس کی اہلیت پر کوئی شک و شبہ نہیں ہے۔
- ☆ کوئی بھی مواد کارپوریٹ گورننس کی اعلیٰ پریکٹس سے خالی نہیں ہے جس کی تفصیلات لسٹنگ ریگولیشن میں دی گئی ہے۔

مستقبل پر ایک نظر:

کمپنی اپنی ٹیلی لائن کو سرخ سے سبز رنگ میں تبدیل کرنے میں کامیاب رہی ہے جس سے پتہ چلتا ہے کہ بحالی کی حکمت عملی صحیح طور پر کام کر رہی ہے۔ اسٹریٹجک بنیادوں پر بروقت فیصلوں اور ملازمین کی کوششوں اور دوسرے اسٹیک ہولڈرز کی مدد کی وجہ سے یہ ممکن ہوا ہے۔ توقع کی جا رہی ہے کہ کمپنی آنے والے سالوں میں اپنے منافع اور فائدہ خانہ تسلسل کو بہتر بناتی رہے گی۔

اس موقع کا استعمال کرتے ہوئے ہم اپنے ملازمین کا شکریہ ادا کرتے جن کی محنت کی وجہ سے کمپنی نے اچھا نتیجہ حاصل کیا۔

شیر ہولڈنگ کی معلومات:

کمپنی کے شیر کی تجارت پاکستان اسٹاک ایکسچینج میں ہو رہی ہیں۔ 30 جون 2021 تک شیر ہولڈنگ کا پیٹرن اور اس سے متعلق دیگر معلومات صفحہ نمبر 104 تا 106 پر بیان کی گئی ہیں۔

دوران سال دو ڈائریکٹر جناب اسد عبداللہ اور جناب زبیر رزاق پالوالا نے کمپنی کے شیر زعفر وخت کئے جن پر باضابطہ طور پر بورڈ کو مطلع کیا تھا اور ریگولیشنز اتھارٹی کو بھی اطلاع دی گئی تھی۔

مذکورہ بالا منتقلی کے علاوہ، کسی بھی ڈائریکٹر، چیف ایگزیکٹو آفیسر اور کمپنی سیکریٹری اور ان کی شریک حیات اور نابالغ بچوں نے کمپنی کے شیر زعفر میں کوئی تجارت نہیں کی۔

کراچی

۲۰ ستمبر ۲۰۲۱ء



زبیر پالوالا
ڈائریکٹر



حسن طارق خان
ڈائریکٹر



سید قیصر عباس
ڈائریکٹر

FINANCIAL HIGHLIGHTS

Operational Results:	---Amount in '000---					
	2021	2020	2019	2018	2017	2016
Sales	2,553,666	3,270,644	4,048,617	3,776,649	1,389,745	1,483,737
Gross Profit	371,231	834,980	1,028,180	983,565	342,931	229,244
Operating (Loss) / Profit	(8,470)	(41,916)	(47,102)	252,997	69,541	57,705
Financial Charges	(45,605)	(137,598)	(324,708)	126,902	15,395	6,076
Profit / (Loss) before Taxation	43,461	(127,729)	(371,810)	126,095	54,146	51,629
Profit / (Loss) after Taxation	3,727	(255,676)	(549,914)	(29,214)	6,021	28,441
Proposed Dividend	-	-	-	-	5,400	-

Balance Sheet:	---Amount in '000---					
	2021	2020	2019	2018	2017	2016
Shareholders' Equity	55,061	51,334	307,010	876,541	101,155	95,134
Non-Current Liabilities	12,838	9,012	-	-	212,000	-
Current Liabilities	1,036,410	1,567,492	2,157,356	1,747,529	1,455,424	726,256
Non-Current Assets	34,687	38,185	28,817	30,336	1,349	1,492
Current Assets	1,069,622	1,589,653	2,435,549	2,593,734	1,767,230	819,898

Financial Ratios:	---Amount in '000---					
	2021	2020	2019	2018	2017	2016
Turnover on (Loss) / Profit before Tax	1.70%	-3.91%	-9.18%	3.34%	3.90%	3.48%
Proposed Dividend	-	-	-	-	5%	-
Return on Assets	0.34%	-15.45%	-22.31%	-1.11%	0.34%	3.46%
Return on Equity	6.77%	-498.06%	-179.12%	-3.33%	5.95%	29.90%
Earnings / (Loss) per Share	0.04	(2.79)	(5.99)	(0.56)	0.13	0.62
Market value per Share	30.62	26.44	14.30	52.08	191.00	55.49
Book Value per Share	0.60	0.56	3.34	9.55	9.37	8.79
Current Ratio	1.03	1.01	1.13	1.48	1.21	1.13



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF UNITED BRANDS LIMITED**

**Review Report on the Statement of Compliance Contained in Listed Companies
(Code of Corporate Governance) Regulations, 2019**

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

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

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

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

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

Chartered Accountants
Karachi

Dated: September 29, 2021

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

UNITED BRANDS LIMITED

Year Ending June 30, 2021

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

1. The total number of Directors as at June 30, 2021 were seven (7) as per the following composition:
 - a) Male: 6 (six)
 - b) Female: 1 (one)
2. The composition of the Board as at June 30, 2021 was as follows:

Category	Names
Independent Directors*	Mr. Hasan Tariq Khan Ms. Tayyaba Rasheed
Non-Executive Directors	Mr. Munis Abdullah
	Mr. Syed Nadeem Ahmed
	Mr. Zubair Razzak Palwala
Executive Directors	Mr. Syed Qaiser Abbas
	Mr. Rizwan Ahmad
Female Director	Ms. Tayyaba Rasheed

*Determination of number of independent directors arrives at 2.33 (rounded to 2) which is based on seven elected directors. The fraction is not rounded up since the two (2) elected independent directors have requisite competency, knowledge and experience to discharge and execute their responsibilities as per applicable laws and regulations.

3. The directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the "Act") and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. The Board has arranged Director's Training Program for the following;
 - Syed Qaiser Abbas – Executive Director
 - Rizwan Ahmad – Executive Director
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

Audit Committee

Name	Category
Ms. Tayyaba Rasheed	Chairperson
Mr. Zubair Razzak Palwala	Member
Mr. Syed Nadeem Ahmed*	Member

*Subsequent to year end Mr. Syed Nadeem Ahmed appointed as CEO of the Company and in place Mr. Hasan Tariq Khan was appointed.

HR and Remuneration Committee

Name	Category
Mr. Hasan Tariq Khan	Chairman
Mr. Syed Nadeem Ahmed	Member
Mr. Syed Qaiser Abbas	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee was as follows:
 - a) Audit Committee: Four quarterly meetings during the financial year ended June 30, 2021
 - b) HR & Remuneration Committee: One meeting during the financial year ended June 30, 2021;
15. The Board has outsourced the internal audit function to Grant Thornton Anjum Rahman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their 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 and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 (non-mandatory requirements) are below:

S. No	Requirement	Explanation	Reg. No
1	The Board may constitute a separate committee, designed as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	The responsibilities as prescribed for the nomination committee are being taken care of at Board level as and when needed, hence a separate committee is not considered necessary.	29
2	The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Board has not constituted a risk management committee and senior managers perform the requisite functions and apprise the Board accordingly.	30
3	The Company may post on its website key elements of its significant policies including but not limited to the following: i. Communication and disclosure policy; ii. Risk management policy; iii. Internal control policy; iv. Whistle blowing policy; v. Corporate social responsibility / sustainability/ environmental, social and governance related policy.	As the regulation provides concession with respect to disclosure of significant policies on the website, few policies have been uploaded on the Company's website, however, the Company is in process to develop new website containing all required key elements of its significant policies.	35(1)

On behalf of the Board



Munis Abdullah
Chairman



Syed Nadeem Ahmed
Chief Executive Officer

UNCONSOLIDATED FINANCIAL STATEMENTS



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the members of United Brands Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of United Brands Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2021, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *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.

Key Audit Matters

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

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD



Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
(i)	<p>Revenue recognition</p> <p><i>(Refer note 2.15 and 18 to the annexed financial statements)</i></p> <p>The Company recognises revenue when control of the underlying products has been transferred to the customers. We considered revenue as a key audit matter due to revenue being one of the key performance indicators of the Company. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.</p>	<p>Our audit procedures in respect of recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none">• understood and evaluated the design, implementation and operating effectiveness of control over revenue;• assessed the appropriateness of the Company's revenue recognition accounting policies by comparing with applicable accounting standards;• performed verification on revenue transactions, sales return and discounts on sample basis;• performed revenue analysis including month on month analysis, year on year analysis, business line wise analysis, etc. and inquired unusual fluctuations, if any;• performed cut-off procedures on sample basis to ensure sales have been recorded in the correct period; and• reviewed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.

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

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

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



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

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

In preparing the unconsolidated 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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated financial statements.

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

- Identify and assess the risks of material misstatement of the unconsolidated 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 unconsolidated 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 unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

*Independent Auditor's Report*



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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: October 5, 2021

UNITED BRANDS LIMITED

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Note	2021	2020
(Rupees in '000')			
ASSETS			
Non-current assets			
Property and equipment	3	9,113	11,039
Intangible assets	4	142	232
Investment in subsidiary	5	25,000	25,000
Long term deposits	6	412	1,914
		34,687	38,185
Current assets			
Inventories	7	502,021	709,250
Trade and other receivables	8	354,703	659,224
Prepayments and advances	9	15,526	116,140
Taxation - payments less provision		38,653	36,003
Tax refunds due from government - sales tax	10	67,112	27,242
Accrued Interest		196	-
Cash and bank balances	11	91,411	41,794
		1,069,622	1,589,653
Total assets		1,104,309	1,627,838
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	12	918,000	918,000
Accumulated losses		(862,939)	(866,666)
		55,061	51,334
Liabilities			
Non-current liabilities			
Long-term borrowings	13	12,571	9,012
Deferred income - Government grant	14	267	-
		12,838	9,012
Current liabilities			
Trade and other payables	15	729,850	788,810
Short-term borrowings	16	272,232	766,452
Current portion of deferred income - Government grant	14	1,781	-
Current portion of long-term borrowings	13	29,344	4,737
Accrued mark-up		2,850	7,140
Unclaimed dividend		353	353
		1,036,410	1,567,492
Total liabilities		1,049,248	1,576,504
Contingency and commitments	17		
Total equity and liabilities		1,104,309	1,627,838

The annexed notes from 1 to 37 form an integral part of these unconsolidated financial statements



Syed Qaisar Abbas
Director



Hasan Tariq Khan
Director



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
(Rupees in '000')			
Revenue from contracts with customers	18	2,553,666	3,270,644
Cost of sales	19	(2,182,435)	(2,435,664)
Gross profit		371,231	834,980
Marketing and distribution expenses	20	(276,805)	(649,000)
Administrative and general expenses	21	(52,549)	(59,429)
Loss allowance on trade receivables	8.1.3	(5,332)	(27,134)
Other operating expenses	22	(45,015)	(141,333)
Loss from operations		(8,470)	(41,916)
Other income	23	97,536	51,785
Finance costs	24	(45,605)	(137,598)
Profit / (loss) before income tax		43,461	(127,729)
Income tax expense	25	(39,734)	(127,947)
Profit / (loss) for the year		3,727	(255,676)
Other comprehensive income		-	-
Total comprehensive income / (loss)		3,727	(255,676)
(Rupees)			
Basic and diluted earnings / (loss) per share	26	0.04	(2.79)

The annexed notes from 1 to 37 form an integral part of these unconsolidated financial statements



Syed Qaisar Abbas
Director



Hasan Tariq Khan
Director



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Reserves		
	Capital	Revenue	
	Issued, subscribed and paid up capital	Accumulated loss	Total Equity
	(Rupees 000)		
Balance as at July 01, 2019	918,000	(610,990)	307,010
Loss for the year	-	(255,676)	(255,676)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year ended June 30, 2020	-	(255,676)	(255,676)
Balance as at July 01, 2020	918,000	(866,666)	51,334
Profit for the year	-	3,727	3,727
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year ended June 30, 2021	-	3,727	3,727
Balance as at June 30, 2021	918,000	(862,939)	55,061

The annexed notes from 1 to 37 form an integral part of these unconsolidated financial statements



Syed Qaisar Abbas
Director



Hasan Tariq Khan
Director



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
(Rupees in '000')			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	27	599,179	795,161
Decrease / (Increase) in long-term deposits		1,502	(1,800)
Income taxes paid		(42,384)	(111,537)
Finance cost paid		(42,172)	(159,174)
Net cash generated from operating activities		516,125	522,650
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(819)	(8,685)
Placement in Term Deposit Receipt (TDR)		(32,092)	-
Net cash used in investing activities		(32,911)	(8,685)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		44,940	13,749
Repayment of long term financing		(16,409)	-
Repayment of short term financing - net		(464,013)	(686,814)
Dividends paid		-	(18)
Net cash used in financing activities`		(435,482)	(673,083)
Net increase / (decrease) in cash and cash equivalents		47,732	(159,118)
Cash and cash equivalents at the beginning of the year		11,587	170,705
Cash and cash equivalents at the end of the year	28	59,319	11,587

The annexed notes from 1 to 37 form an integral part of these unconsolidated financial statements



Syed Qaisar Abbas
Director



Hasan Tariq Khan
Director



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1. THE COMPANY AND ITS OPERATIONS

- 1.1 The Company was incorporated in Pakistan on March 13, 1965 as Batlay Match Industries Limited under the repealed Company Act, 1913. The Company was renamed as UDL Industries Limited on March 16, 1987 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company was again renamed as United Brands Limited, a public limited Company on April 5, 2006 under the repealed Companies Ordinance, 1984. The shares of the Company are quoted on the Pakistan Stock Exchange.

The Company is a subsidiary of International Brands Limited, which is also the Company's ultimate parent.

The principal activities of the Company are trading and distribution of consumer goods and allied products. During the year, the Company has started production of safety razors through toll manufacturing.

The geographical locations and addresses of Company's business units are as under:

- Registered office of the Company is situated at 2nd Floor, One IBL Center, Block No. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi; and
 - 'The Company has various sale offices and distribution warehouses. Detailed list is provided in note 36.
- 1.2 The Company has investment in subsidiary company - IBL Logistics (Private) Limited (the Subsidiary) incorporated in Pakistan. The unconsolidated financial statements are the separate financial statements of the company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unconsolidated financial statements are set out below:

2.1 Basis of preparation

2.1.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 Critical accounting estimates and judgements

The preparation of unconsolidated financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no matters involving a higher degree of judgement or

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements. or areas where assumptions and estimates are significant to the unconsolidated financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgements made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of assets and liabilities in future periods is described in note 2.20 - Expected Credit Losses (ECLs).

Management believes that the change in outcome of estimates would not have a material impact on the amounts disclosed in the unconsolidated financial statements.

There have been no critical judgements other than those disclosed by the Company's management in applying the accounting policies that would have significant effect on the amounts recognised in the unconsolidated financial statements.

2.1.3 Changes in accounting standards and interpretations

a) Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Company's financial reporting.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2021. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

2.2 Overall valuation policy

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

2.3 Property and equipment

These are initially recognised at cost and are subsequently carried at cost less accumulated depreciation and impairment losses (if any) except capital work-in-progress which is stated at cost.

Capital work-in-progress consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant operating assets category as and when assets are available for use.

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Depreciation is charged to income using the straight-line method whereby the cost of an asset is written off over its estimated useful life at the rates stated in note 3.1 to the unconsolidated financial statements. Depreciation on acquisition is charged from the month of addition whereas no depreciation is charged in the month of disposal. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The carrying values of operating assets are 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 amounts.

Maintenance and normal repairs are charged to unconsolidated statement of profit or loss and other comprehensive income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of fixed assets are included in the unconsolidated statement of profit or loss and other comprehensive income.

2.4 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Company and that the cost of such asset can be measured reliably. These are stated at cost less accumulated amortisation and impairment, if any.

Computer software licenses are capitalised on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life using the straight line method.

The carrying values of intangible assets are 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.

2.5 Investment in subsidiary

Investments in subsidiary companies are initially recognised at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in unconsolidated profit or loss and other comprehensive income.

2.6 Inventories

These are valued at the lower of cost and net realisable value. Raw and packing material and finished goods are valued using first-in first-out method. Cost of finished goods manufactured comprise of direct costs including toll manufacturing charges. Provision is recorded for expired goods.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

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

2.7 Trade and other receivables

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 2.20 for a description of the Company's impairment policies.

2.8 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purposes of the unconsolidated statement of cash flows, cash and cash equivalents comprise of cash in hand, balances with banks, cash and cheques held at branches and running finance facilities under mark-up arrangements availed from the banks.

2.9 Share capital

Ordinary shares are classified as equity and are recorded at their face value.

2.10 Trade and other payables

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

2.11 Contingent liabilities

Contingent liability is disclosed when:

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

2.12 Provisions

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

2.13 Income tax

i. Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation of income using prevailing tax rates after taking into account tax credits and rebates available, if any.

ii. Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the unconsolidated financial statements. Deferred tax

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited in the unconsolidated statement of profit or loss account and other comprehensive income.

Deferred tax is determined at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on the tax rates enacted at the reporting date.

2.14 Employee benefits

i. Defined contribution plan

The Company operates a recognised provident fund for its eligible and permanent employees. Equal monthly contributions are made both by the Company and the employees at the rate of 10% of basic salary. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ii. Leave encashment - compensated absences

The Company accounts for employees' leave encashment at the end of December each year on the basis of 15 days of unavailed leave balance of each employee. The liability recognised in this respect is based on one half of the employee's last drawn basic salary.

2.15 Revenue recognition

Sale of goods

Revenue is recognised at a point in time when control of the products has been transferred, i.e. when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised on dispatch of goods to customers i.e. when significant risks and rewards of ownership have been transferred to the customer.

No element of financing is deemed present as the sales are made with credit term of upto 60 days, which is consistent with the market practice.

2.16 Contract liability

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs as per the contract.

2.17 Borrowings and their cost

Borrowings are recognised initially at fair value net of transaction cost incurred and subsequently at amortised cost using the effective interest method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use when the borrowing costs are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Such borrowing costs are capitalised as part of the cost of that asset.

Borrowings payable within next twelve months are classified as current liabilities.

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

2.18 Foreign currency transactions and translation

The unconsolidated financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. The figures are rounded off to the nearest thousand of Rupees.

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies, if any, as at the reporting date are translated into Pak Rupees using the exchange rates prevailing at the reporting date. Exchange gains and losses, if any, are included in the unconsolidated statement of profit or loss and other comprehensive income.

2.19 Dividend distribution

Dividend distribution to shareholders is accounted for in the period in which the dividend is approved.

2.20 Financial Instruments - Initial recognition and subsequent measurement

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

Classification of financial assets

The Company classifies its financial assets in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income/(loss).

ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial asset

The Company recognises loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortised cost at an amount equal to life time ECLs except for the following, which are measured at 12 months ECLs;

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since the inception.
- employee receivables.
- other short term receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs. The expected loss rates are based on the payment profiles of sales over a period of 36 months before June 30, 2021 and the corresponding historical credit losses experienced within this period.

The Company considers a financial asset in default when it is more than 90 days past due.

Life time ECLs are the ECLs that result from all possible defaults events over the expected life of a financial instrument. 12 month ECLs are portion of ECLs that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

shortfalls (i.e. the difference between cash flows due to the Company in accordance with the contract and cash flows that the Company expects to receive).

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

Derecognition

i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to the unconsolidated statement of changes in equity.

ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the unconsolidated statement of profit or loss and other comprehensive income.

2.21 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the unconsolidated statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.22 Deferred income - Government grant

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

UNITED BRANDS LIMITED
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

3. PROPERTY AND EQUIPMENT

2021

2020

(Rupees '000)

Operating assets - note 3.1
 Capital work in progress (CWIP) - note 3.4

9,133	2,590
-	8,449
9,133	11,039

3.1 Operating assets

Leasehold Improvements	Machinery note 3.2	Furniture and Fittings	Office and other Equipments	Motor Vehicles	Total
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← (Rupees '000) →

Net carrying value basis
Year ended June 30, 2021

Opening net book value (NBV)	-	-	339	2,251	-	2,590
Additions (at cost)	-	43	776	-	-	819
Transfer from CWIP (at Cost)	-	8,449	-	-	-	8,449
Depreciation charge - note 3.3	-	(1,797)	(89)	(839)	-	(2,725)

Closing net book value (NBV)	-	6,695	1,026	1,412	-	9,133
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Gross carrying value basis
At June 30, 2021

Cost	1,698	8,492	2,294	13,751	2,842	29,077
Accumulated depreciation	(1,698)	(1,797)	(1,268)	(12,339)	(2,842)	(19,944)

Net book value (NBV)	-	6,695	1,026	1,412	-	9,133
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Net carrying value basis
Year ended June 30, 2020

Opening net book amount	-	-	384	2,997	-	3,381
Additions (at cost)	-	-	-	236	-	236
Disposals (at NBV)	-	-	-	-	-	-
Depreciation charge - note 3.3	-	-	(45)	(982)	-	(1,027)

Closing net book value (NBV)	-	-	339	2,251	-	2,590
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Gross carrying value basis
At June 30, 2020

Cost	1,698	-	1,518	13,715	2,842	19,809
Accumulated depreciation	(1,698)	-	(1,179)	(11,500)	(2,842)	(17,219)

Net book value (NBV)	-	-	384	2,251	-	2,590
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Useful life in years	10	5	10	5	5	
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UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

3.2 Machinery items represent moulds and cylinders having cost of Rs. 7.70 million and Rs. 0.75 million respectively, were transferred from capital work-in-progress to operating assets during the year, which are located at premises of Afeef Packages (Private) Limited and Fazleesons (Private) Limited respectively, as these are being used for manufacturing of the Company's products as disclosed in note 1.

3.3 Depreciation for the year has been allocated as follows:

Cost of sales - manufactured goods - note 19.1
Marketing and distribution expenses - note 20
Administrative and general expenses - note 21

2021	2020
(Rupees '000)	
1,797	-
742	802
186	225
2,725	1,027

3.4 Capital work-in-progress

	Balance as at July 01, 2020	Additions during the year	Transfers	Balance as at June 30, 2021	Balance as at July 01, 2019	Additions during the year	Transfers	Balance as at June 30, 2020
	←————— Rupees '000 —————→							
Machinery items - note 3.1	8,449	-	(8,449)	-	-	8,449	-	8,449

4. INTANGIBLE ASSETS

Computer software - note 4.1

4.1 Computer software

Net carrying value basis

Opening net book value
Accumulated amortisation

Net book value

Gross carrying value basis

Cost
Accumulated amortisation

Net book value

2021	2020
(Rupees '000)	
142	232
232	322
(90)	(90)
142	232
452	452
(310)	(220)
142	232
5	5

5. INVESTMENT IN SUBSIDIARY

Subsidiary company (at cost) - note 5.1
2,500,000 (June 30, 2020: 2,500,000)
Ordinary shares of Rs. 10 each

2021	2020
(Rupees '000)	
25,000	25,000

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

5.1 The above investment represents investment in IBL logistics (Pvt.) Limited (the subsidiary). The subsidiary was incorporated on 23 April 2018. The Company beneficially owns 100% of the share capital of the subsidiary.

The subsidiary was incorporated in Pakistan and its principal place of business is 2nd Floor, One IBL Center, Block No. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi.

The principal activities of the subsidiary comprises primarily of warehousing, transportation, supply chain management, logistics services, trading and distribution of goods.

	2021	2020
	(Rupees '000)	
6. LONG TERM DEPOSITS		
Long term deposits - note 6.1	412	1,194

6.1 This represents rent deposit amounting to **Rs. 0.41 million** (2020: Rs. 0.11 million) and security deposit to Pakistan State Oil Limited for fuel card facility of Nil (2020: 1.80 million) . These facilities are given to the employees in accordance with the terms of employment. These deposits do not carry any mark up arrangement.

	2021	2020
	(Rupees '000)	
7. INVENTORIES		
Raw and packaging materials:		
- in hand	9,573	5,362
- in transit	17,201	-
	26,774	5,362
Finished goods - manufactured:		
- in hand - note 7.1	12,005	-
Trading goods:		
- in hand - note 7.1	412,019	545,461
- in transit	51,223	158,427
	463,242	703,888
Total	502,021	709,250

7.1 These include inventories amounting to Rs. 0.83 million (2020: Nil) held with third party.

	2021	2020
	(Rupees '000)	
8. TRADE AND OTHER RECEIVABLES - unsecured		
Trade receivables - note 8.1	243,029	449,136
Other receivables - note 8.2	111,674	210,088
	354,703	659,224
8.1 Trade receivables		
Unsecured - Considered good		
Due from related parties - note 8.1.1	13	1,591
Others - note 8.1.2	243,016	447,545
Considered doubtful - others - note 8.1.2	59,431	(54,099)
	302,460	503,235
Less: Loss allowance on doubtful receivables - note 8.1.3	(59,431)	(54,099)
	243,029	449,136

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

8.1.1 As at June 30, 2021, age analysis of trade receivables from related parties is as follows:

Name of related party	Gross amount due	Past due amount	Provision for doubtful receivables	Reversal of provision for doubtful receivables	Amount due written off	Net amount due	Maximum amount outstanding at any time during the year
(Rupees '000)							
Year ended June 30, 2021							
The Searle Company Limited	13	13	-	-	-	13	1,708
	13	13	-	-	-	13	1,708
Year ended June 30, 2020							
The Searle Company Limited	633	633	-	-	-	633	34,423
IBL Logistics (Private) Limited	958	958	-	-	-	958	958
	1,591	1,591	-	-	-	1,591	35,381

8.1.2 As at June 30, 2021, the age analysis of these trade receivables is as follows:

	2021	2020
	(Rupees '000)	
Not yet due	158,015	349,403
Past due		
- Less than 30 days	46,206	40,121
- 31 to 90 days	31,203	51,956
- 91 to 360 days	19,299	17,215
- More than 360 days	47,724	42,949
	144,432	152,241
	302,447	501,644
8.1.3 Balance at beginning of the year	54,099	26,965
Recognition of expected credit losses		
Charge during the year - net	5,332	27,134
Balance at end of the year	59,431	54,099
8.2 Other receivables - unsecured considered good		
Related party - note 8.2.1	11,983	2,179
Others - note 8.2.2	99,691	207,909
	111,674	210,088

8.2.1 This represents receivable from The Searle Company Limited amounting to Rs 8.04 million as disclosed in note 23.3 and includes receivable for IBL HealthCare Limited amounting to Rs 3.94 million which pertains to claims raised in respect of discounts, samples and bonuses relating to sales of Canderel.

8.2.2 This represents receivable from principals in respect of stock claims, expenses and others.

8.2.3 As at June 30, 2021, age analysis of other receivables from related party is as follows:

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Name of related party	Gross amount due	Past due amount	Provision for doubtful receivables	Reversal of provision for doubtful receivables	Amount due written off	Net amount due	Maximum amount outstanding at any time during the year
(Rupees '000)							
Year ended June 30, 2021							
The Searle Compnay Limited	8,044	8,044	-	-	-	8,044	8,044
IBL HealthCare Limited	3,939	-	-	-	-	3,939	3,939
	11,983	8,044	-	-	-	11,983	11,983
Year ended June 30, 2020							
IBL Logistics (Private) Limited	2,179	2,179	-	-	-	2,179	2,179
	2,179	2,179	-	-	-	2,179	2,179

9. PREPAYMENTS AND ADVANCES

Prepayments - note 9.1
Advances - note 9.2

2021

2020

(Rupees '000)

43	323
15,483	115,817
15,526	116,140

9.1 PREPAYMENTS Unsecured:

Rent Deposit
Others

2021

2020

(Rupees '000)

-	298
43	25
43	323

9.2 Advances - Unsecured - considered good

- Advance against letter of credit - note 9.2.1
- Advance against toll manufacturing - note 9.2.2
- Advance to employees
- Advance to suppliers
- Advance against marketing
- Others - note 9.2.3

6,648	102,875
3,590	4,028
329	1,499
4,451	1,911
158	353
307	5,151
15,483	115,817

9.2.1 This represents advances paid as 100% margin as per the BPRD Circular No. 02 of 2017 issued by the SBP under the Banking Companies Ordinance, 1962 for the import of goods.

9.2.2 This represents advance to Afeef Packages (Private) Limited against toll manufacturing of products.

9.2.3 The amount represents advances given to clearing agents, shipping companies and regulatory authorities.

9.2.4 These advances do not carry any mark up arrangement..

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

10. Tax refunds due from Government - sales tax

During the year, the Deputy Commissioner Inland Revenue (DCIR) issued a notice of demand under section 11(2)(4) of Sales Tax Act, 1990 dated March 30, 2021 creating a demand of Rs. 312 million on account of multiple discrepancies identified in the sales tax audit for the tax periods July 2016 to June 2017. The Company has filed a Constitutional Petition No. D-3099 of 2021 before the Honorable High Court of Sindh. The Honorable High Court of Sindh has restrained the DCIR from enforcing the impugned sales tax demand till the decision of Commissioner Inland Revenue (Appeal-II) (CIRA). The appeal is currently pending to be heard before CIRA and shall be fixed for hearing subsequent to the year end. However, the management based on the opinion of its tax advisor is confident that the outcome will be in favour of the Company. Therefore, no provision has been made in these unconsolidated financial statements.

11. CASH AND BANK BALANCES

Cash at banks

Current accounts - note 11.1
Savings accounts - note 11.2
Term Deposit Receipt - note 11.3

Cash and cheques in hand

2021	2020
(Rupees '000)	
18,423	27,282
21,281	2,254
32,092	-
71,796	29,536
19,615	12,258
91,411	41,794

11.1 All current accounts are maintained under conventional banking system.

11.2 Savings accounts are maintained under Islamic banking system carrying profit sharing rate ranging from 0.07% to 3.03% (2020: ranging from 0.05% to 3.25%).

11.3 It represents guarantee deposits placed with Silkbank Limited in form of term deposit receipts carrying mark up at the rate 6.75% (2020: Nil) per annum.

12. SHARE CAPITAL

Authorised Share Capital

Number of Shares			2021	2020
2021	2020			
100,000,000	100,000,000	Ordinary shares of Rs. 10/- each	1,000,000	1,000,000

Issued, Subscribed and Paid-up Share Capital

Number of Shares			2021	2020
2021	2020			
91,800,000	91,800,000	Ordinary shares of Rs. 10/- each fully paid in cash	918,000	918,000

12.1 As at June 30, 2021, International Brands Limited together with its nominees holds 88,200,462 (June 30, 2020: 88,200,462) ordinary shares of Rs. 10 each.

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

13. LONG-TERM BORROWINGS

Salary refinancing

Balance as at July 1

Disbursements during the period
less:

- Deferred income - government grant - note 14

- Repayments

Unwinding of discount on salary refinancing - note 24

Less: Current maturity shown
under short-term borrowings

Balance as at June 30

2021

2020

(Rupees '000)

13,749

-

44,940

13,749

(4,516)

-

(16,409)

-

4,151

-

(29,344)

(4,737)

12,571

9,012

13.1 This represents salary refinancing amounting to Rs. 44.94 million (June 30, 2020: Rs. 13.75 million) in relation to the Company availing the State Bank of Pakistan's (SBP) payroll finance facility as part of measures for countering economic hardships faced by the businesses during COVID-19 pandemic. The Company is paying a quarterly mark up at a discounted rate of 3% per annum, with eight equal quarterly instalments started from January 2021.

13.2 The facilities are secured against all the present and future movable current assets including but not limited to stocks, raw materials, stock in transit cash etc., now or hereafter stored or located and / or elsewhere in Pakistan including goods in transit.

2021

2020

(Rupees '000)

14. DEFERRED INCOME - GOVERNMENT GRANT

Balance as at July 1

Additions during the year - note 13

Deferred income recognised during the year - note 23

less : current portion of deferred income

Balance as at the June 30

-

-

4,516

-

(2,468)

-

(1,781)

-

267

-

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

2021
2020

(Rupees '000)

15. TRADE AND OTHER PAYABLES

Trade creditors	432,020	372,133
Payable to IBL Operations (Private) Limited - note 15.1	157,108	241,945
Accrued liabilities	61,141	122,969
Payable to IBL Healthcare Limited - note 15.2	36,432	579
Payable to International Brands Limited - note 15.3	18,194	5,154
Payable to IBL Logistics (Private) Limited - note 15.4	268	6,592
Payable to The Searle Company Limited - note 15.2	12,118	12,118
EOBI and SESSI payable	1,667	-
Payable to employees' provident fund - note 14.5	1,389	1,689
Withholding tax payable	125	136
Advances from customers	-	9,984
Bills payables	-	6,530
Other liabilities	9,388	8,981
	729,850	788,810

15.1 This includes amount payable to IBL Operations (Private) Limited - associated company under agreement for sharing of expenses relating to sales and administrative infrastructure. It also includes Rs. 107 million as funds transferred to the Company to meet working capital requirements which do not carry mark-up and are repayable on demand.

15.2 This represents amount payable in respect of goods purchased from related party.

15.3 This represents amount payable on account of corporate service charges.

15.4 This represents payment made by IBL Logistics (Private) Company on behalf of the Company.

15.5 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

16. SHORT TERM FINANCING

2021	2020
(Rupees '000)	
Running finance under mark-up arrangement - note 16.1	30,207
Short term loans - notes 16.2 & 16.3	736,245
272,232	766,452
272,232	766,452

16.1 As at June 30, 2021, available running finance facility under mark-up arrangement from a commercial bank amounted to Rs. 35 million (2020: Rs. 35 million). The arrangement is secured by way of pari passu charge over the inventories and receivables of the Company with 25% margin.

The arrangement carries mark-up at the rate of 2.25% above one month KIBOR (2020: 2.25% above one month KIBOR) to be determined on monthly basis.

16.2 These represent short-term loans obtained under financing arrangement from commercial banks. These are secured by way of hypothecation charge over inventories and receivables of the Company with 25% margin. These are maturing between July and December 2021.

The arrangements carry mark-up ranging from 0.15% to 2.5% above six months KIBOR & 1.75% above three month KIBOR (2020: 0.15% to 2.5% above six months KIBOR and 1.75% above three month KIBOR).

17. CONTINGENCY AND COMMITMENTS

17.1 Contingency

During the year ended June 30, 2020, the Deputy Commissioner Inland Revenue issued a notice of demand under section 137(2) of the Income Tax Ordinance, 2001 (the Ordinance) dated January 31, 2020 for recovery of tax amounting to Rs. 94.66 million created pursuant to Order dated January 31, 2020 passed under section 122(1) for tax year 2018. The Company has filed a Constitutional Petition No. D-1421 of 2020 before the Honorable High Court of Sindh. The Honorable High Court of Sindh has restrained the Deputy Commissioner Inland Revenue from enforcing the impugned income tax demand till the decision of Commissioner Inland Revenue (Appeals-II). The appeal is currently pending to be heard before the Commissioner Inland Revenue (Appeals-II) and shall be fixed for hearing subsequent to the year end. However, the management based on the opinion of its tax advisor is confident that the outcome will be in favour of the Company. Therefore, no provision has been made in these unconsolidated financial statements.

17.2 Commitments

The facilities for opening letter of credit and guarantees as at June 30, 2021 amounted to Rs. 450 million (June 30, 2020: Rs. 650 million) and Rs. 132.09 million (June 30, 2020: Rs. 150 million) respectively. The amount remaining unutilised at the year end for letter of credit and guarantees was Rs. 443.15 million (June 30, 2020: Rs. 634 million) and Nil (June 30, 2020: Rs. 50 million) respectively.

The facilities are secured by way of pari passu charge against hypothecation of the Company's current assets. The Parent Company has pledged 421,000 shares of The Searle Company Limited against the above mentioned financing facilities.

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

18. REVENUE FROM CONTRACTS WITH CUSTOMERS

2021
2020

(Rupees '000)

Local Sales

- Manufactured goods
- Trading Stock

Less:

- Trade discount
- Sales returns
- Sales tax

40,377	-
3,151,529	4,079,678
3,191,906	4,079,678
98,726	84,819
103,772	75,560
435,742	648,655
(638,240)	(809,034)
2,553,666	3,270,644

- 18.1** The revenue from Imtiaz Super Market amounts to Rs 294.14 million (2020: Rs. 159.16 million) which constitutes 11.09% (2020: 4.74%) of the total revenue from contracts with customers.

19. COST OF SALES

- Cost of sales - manufactured goods - note 19.1
- Cost of sales - trading stock - note 19.2

2021
2020

(Rupees '000)

19,386	-
2,163,049	2,435,664
2,182,435	2,435,664

19.1 COST OF SALES - Manufactured Goods

- Raw and packaging material consumed
- Toll manufacturing charges
- Depreciation
- Provision for expired stock
- Repair & maintenance

- Add: Opening inventory of finished goods
- Less: Closing inventory of finished goods
- Cost of sales - manufactured goods

27,544	-
1,949	-
1,797	-
72	-
29	-
31,391	-
-	-
(12,005)	-
19,386	-

19.2 Cost of sales - trading stock

- Opening Stock
- Purchases

- Closing Stock
- Cost of Sales - Trading Stock

703,888	1,102,071
1,922,403	2,037,481
2,626,291	3,139,552
(463,242)	(703,888)
2,163,049	2,435,664

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

20. MARKETING AND DISTRIBUTION EXPENSES

	2021	2020
	(Rupees '000)	
Salaries, wages and allowances - note 20.1	88,855	87,797
Freight and cartage	21,664	21,790
Vehicle running and repair & maintenance	43,389	36,631
Rent, rates and taxes	58,148	78,094
Advertising and sales promotion - note 20.2	38,417	394,944
Insurance and security expenses	10,786	11,916
Utilities	7,736	8,206
Travelling and conveyance	3,272	1,878
Depreciation	742	802
Printing and stationary	1,300	1,644
Communication and entertainment	2,429	3,284
Others	67	14
	276,805	649,000

20.1 Salaries, wages and allowances include Rs. 3.11 million (2020: Rs. 0.98 million) in respect of contributory provident fund.

20.2 This includes Rs. **7.57 million** (2020: Rs. 295.7 million) in respect of amortisation of short term prepayments pertaining to marketing contribution for Red Bull products.

21. ADMINISTRATIVE AND GENERAL EXPENSES

	2021	2020
	(Rupees '000)	
Salaries, wages and allowances - note 21.1	25,339	25,607
Legal and professional	2,380	2,527
Auditors' remuneration - note 21.2	2,850	3,193
Travelling and conveyance	2,059	2,902
Corporate service charges - note 21.3	12,000	12,000
Rent, rates and taxes	2,969	2,097
Vehicle running and repair & maintenance	2,213	2,090
Fee and subscription	462	204
Communication and entertainment	142	606
Depreciation	186	225
Amortisation	90	90
Utilities	164	562
Insurance and security expenses	273	258
Printing and stationary	299	162
Donations - note 21.4	-	5,400
Others	1,123	1,506
	52,549	59,429

21.1 Salaries, wages and allowances include Rs. 0.85 million (2020: Rs. 0.72 million) in respect of contributory provident fund.

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
21.2 Auditors' remuneration		
	(Rupees '000)	
Annual audit fee	1,100	1,000
Fee for review of half yearly financial information, Statement of Compliance with Code of Corporate Governance, other certifications and others	750	1,193
Taxation services	600	600
Out-of-pocket expenses	400	400
	2,850	3,193

21.3 This represents reimbursement of information technology charges to International Brands Limited (Holding Company) at **Rs. 1 million** (2020: Rs.1 million) per month.

21.4 During the year, the Company made a donation amounting to Nil (2020: Rs. 5.4 million) to Jamil Dehlavi. .

	2021	2020
22. OTHER OPERATING EXPENSES		
	(Rupees '000)	
Provision for expired and damaged stock - note 22.1	45,015	137,927
Balance considered irrecoverable written off	-	3,406
	45,015	141,333

22.1 This mainly includes provisions for damaged and expired items of Johnson & Johnson amounting to Rs. 39.96 million (2020: Rs. 62 million) and Kellogg's amounting to Rs. 0.53 million (2020 Rs. 46.5 million).

	2021	2020
23. OTHER INCOME		
	(Rupees '000)	
Income from financial assets		
Profit on savings accounts	161	593
Profit on Term Deposit Receipt	196	-
Income from non-financial assets		
Scrap sales - note 23.1	31,091	24,360
Deferred income recognised on government grant	2,468	-
Severance payment - note 23.2	8,700	-
Group relief - note 23.2	8,044	14,325
Exchange gain net	46,876	12,507
	97,536	51,785

23.1 This includes scrap sales in relation to damaged items of AXE business line subsequent to its discontinuance and damaged items of Johnson & Johnson (J&J) amounting to Rs. 3.8 million and Rs. 26.73 million respectively. This sale represents the portion of total stock which could not be sold to other distributor under inventory transfer agreement.

23.2 This represents severance payment made by Redbull in respect of discontinuance of the business with the Company.

23.3 In the tax year 2020, the Company had availed Group relief under section 59B of the Income Tax Ordinance, 2001 (the Ordinance). During the year, the Company has surrendered its taxable loss amounting to Rs. 27.74 million (2020: Rs.49.4 million) to its associated company, The Searle Company Limited.

UNITED BRANDS LIMITED
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
24. FINANCE COSTS		
	(Rupees '000)	
Bank charges	3,572	8,925
Mark up on running finance arrangements	1,477	4,940
Mark up on short term loans	36,405	123,733
Unwinding of discount on salary refinancing	4,151	-
	45,605	137,598

25. INCOME TAX EXPENSE

- for current year	39,731	129,942
- for prior year	3	(1,995)
	39,734	127,947

	2021	2020	2021	2020
25.1 Relationship between tax expense and accounting profit / (loss)	Effective tax rate %		Rupees '000	
Profit / (loss) before income tax			43,461	(127,729)
Tax at the enacted tax rate	29.00	29.00	12,604	(37,041)
Effect of:				
- Minimum tax on imports	24.53	(115.04)	10,659	146,945
- Minimum tax under section 113	56.45	(19.64)	24,535	25,083
- Prior year impact	0.01	1.56	3	(1,995)
- Others	(18.56)	3.95	(8,067)	(5,045)
Income tax expense for the year	91.42	(100.17)	39,734	127,947

25.2 Deferred tax asset is not recognised because it is not probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised.

	2021	2020
26. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE		
	(Rupees '000)	
Profit / (loss) for the year attributable to ordinary shareholders	3,727	(255,676)
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	91,800,000	91,800,000
	(Rupees)	
Basic and diluted earnings / (loss) per share	0.04	(2.79)

26.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2021 and 2020 which would have any effect on the loss per share if the option to convert is exercised.

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees '000)	
27. CASH GENERATED FROM OPERATIONS		
Profit / (loss) before income tax	43,461	(127,729)
Adjustments for non-cash charges and other items		
Depreciation	2,725	1,027
Deferred income - Government grant	(2,468)	-
Interest income	(196)	-
Amortisation	90	90
Loss allowance on trade receivables	5,332	27,134
Mark-up on running finance arrangements	1,477	4,940
Provision for expired and damaged stock	45,015	137,927
Mark-up on short term loans	36,405	123,733
Unwinding of discount on salary refinancing	4,151	-
	92,531	294,851
	135,992	167,122
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Inventories	162,214	254,894
Trade and other receivables	299,189	(79,462)
Prepayments and advances	100,614	353,343
Tax refunds due from government - sales tax	(39,870)	(23,471)
	522,147	505,304
(Decrease) / Increase in trade and other payables	(58,960)	122,735
Cash generated from operations	599,179	795,161
28. CASH AND CASH EQUIVALENTS		
Cash and bank balances excluding term deposit receipt - note 11	59,319	41,794
Running finance under mark-up arrangements - note 16	-	(30,207)
	59,319	11,587

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

29.1 All the financial assets and financial liabilities of the Company are classified at amortised cost.

	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	
	(Rupees '000)						
FINANCIAL ASSETS							
Investment in subsidiary - at cost	-	-	-	-	25,000	25,000	25,000
Long term deposits	-	-	-	-	412	412	412
Trade and other receivables	-	-	-	354,703	-	354,703	354,703
Cash and bank balances	21,281	-	21,281	70,130	-	70,130	91,411
June 30, 2021	21,281	-	21,281	424,833	25,412	450,245	471,526
June 30, 2020	2,254	-	2,254	841,897	26,914	868,811	871,065
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	666,917	-	666,917	666,917
Unclaimed dividend	-	-	-	353	-	353	353
Short-term borrowings	272,232	-	272,232	-	-	-	272,232
June 30, 2021	272,232	-	272,232	667,270	-	667,270	939,502
June 30, 2020	771,189	9,012	780,201	665,705	-	665,705	1,445,906
ON REPORTING DATE GAP							
June 30, 2021	(250,951)	-	(250,951)	(242,437)	25,412	(217,025)	(467,976)
June 30, 2020	(768,935)	(9,012)	(777,947)	176,192	26,914	203,106	(574,841)
OFF STATEMENT OF FINANCIAL POSITION ITEMS							
Letters of credit / guarantees							
June 30, 2021							443,150
June 30, 2020							684,000

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

29.2 Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

Risk management framework

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

29.3 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to the financial instrument fails to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. The Company believes that it is not exposed to major concentration of credit risk as the exposure is spread over a number of counter parties. To manage exposure to credit risk, the Company applies credit limits to its customers.

29.3.1 Exposure to credit risk

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

29.3.2 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, employees, regulatory authorities and utility companies have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates.

(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, margin against bank guarantees, margins against letter of credit and accrued return on deposits. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Bank Balances

	Rating			2021	2020
	Short term	Long-term	Agency	Rupees in '000	
Al Baraka Bank Pakistan Limited	A1	A	JCR-VIS	253	6,817
Habib Metropolitan Bank	A1+	AA+	PCRA	891	1,225
Silkbank Limited	A2	A-	JCR-VIS	1,962	3,741
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	JCR-VIS	1,506	892
Habib Bank Limited	A1+	AAA	JCR-VIS	32,433	7,615
Bank AL Habib Limited	A1+	AAA	PCRA	1,818	829
Meezan Bank Limited	A1+	AAA	JCR-VIS	842	2,317
				39,705	23,436

b) Counterparties without external credit ratings

These mainly include customers which are counter parties to local trade debts against sale of goods. As explained in note 2.20, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery.

Management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Company has used three years monthly data in the calculation of historical loss rates along with the matching monthly ageing brackets for the computation of roll rates. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2021 was determined as follows:

	2021			2020		
	Expected loss rates %	Gross Carrying amount	Loss Allowance	Expected loss rates %	Gross Carrying amount	Loss Allowance
		Rupees in '000			Rupees in '000	
Not past due	0.013	158,015	2,056	0.003	349,403	1,137
Past due						
1 - 30 days	0.029	46,206	1,338	0.043	40,121	1,740
31 - 90 days	0.062	31,203	1,941	0.039	51,956	2,012
91 - 360 days	0.330	19,299	6,372	0.364	17,215	6,261
More than 360 days	1.000	47,724	47,724	1.000	42,949	42,949
		302,447	59,431		501,644	54,099

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

29.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The management closely monitors the Company's liquidity and cash flow position. The Company's approach to manage liquidity risk is to maintain sufficient level of liquidity based on expected cash flow by holding highly liquid assets, creditor concentration and maintaining sufficient reserve financing facilities.

29.4.1 Exposure to liquidity risk

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

2021						
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
(Rupees in '000)						
Financial liabilities						
Long-term borrowings	41,915	44,841	15,173	14,941	14,727	-
Trade and other payables	666,917	666,917	-	666,917	-	-
Unclaimed dividend	353	353	-	353	-	-
Accrued mark-up	2,850	2,850	-	2,850	-	-
Short-term borrowings	272,232	272,232	-	272,232	-	-
	984,267	987,193	15,173	957,293	14,727	-
2020						
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
(Rupees in '000)						
Financial liabilities						
Long-term borrowings	13,749	14,021	-	3,604	10,417	-
Trade and other payables	655,721	655,721	-	655,721	-	-
Unclaimed dividend	353	353	353	-	-	-
Accrued mark-up	7,140	7,140	-	7,140	-	-
Short-term borrowings	766,452	766,452	-	766,452	-	-
	1,443,415	1,443,687	353	1,432,917	10,417	-

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

29.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at June 30, 2021, the Company is not materially exposed to interest rate risk.

As at June 30, 2021, the Company had variable interest bearing financial liabilities of **Rs. 314.15 million** (2020: Rs. 780.21 million) and had the interest rate varied by 200 basis points with all the other variables held constant, loss before income tax for the year would have been approximately **Rs.6.8 million** (2020: Rs. 15.61 million) lower / higher.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flow of the financial instruments, will fluctuate because of changes in foreign currency rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Company is exposed to currency risk on payables in respect of imported inventory denominated in US Dollar (\$) and Swiss Francs. The total foreign currency risk exposure as at June 30, 2021 is Nil (June 30, 2020: Rs 6.53 million).

As at June 30, 2021, if the Pak Rupee had weakened / strengthened by 2% against US Dollar with all other variables held constant, loss before tax for the year would have been higher / lower by Nil (2020: loss before tax would have been higher / lower by Rs. 0.28 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets and liabilities.

The following table summarises the financial currency exposure as on June 30, 2021 and 2020 that are subject to foreign currency risk and shows the estimated changes in the value of such exposure assuming the underlying exchange rates are applied immediately and uniformly across all currencies. The changes in value do not necessarily reflect the best or worse case scenarios and actual results may differ. The analysis assumes that all other variables, in particular, interest rate, remain constant.

	Carrying value of foreign currency liabilities	Estimated fair value assuming a hypothetical percentage increase / (decrease) in the value of foreign currencies versus Pak Rupee					
		(20%)	(10%)	(1%)	1%	10%	20%
June 30, 2021 - (Rupees in million)	0	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2020 - (Rupees in million)	6.53	5.22	5.88	6.46	6.60	7.18	7.84

The year end exposure does not reflect the exposure during the year because of foreign currency purchases and payments..

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

30. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can provide adequate returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

the debt to capital ratios at June 30, 2020 were as follows:

	2021	2020
	(Rupees '000)	
Total borrowings	314,17	780,201
Cash and bank - note 11	(91,411)	(41,794)
Net debt	222,736	738,407
Equity	55,061	51,334
Total capital	277,797	789,741
Debt to capital ratio	0.80	0.93

31. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	Rupees '000					
Managerial remuneration	-	-	-	-	8,706	19,917
Allowances	-	-	-	-	4,353	9,958
Bonus	-	-	-	-	1,451	4,019
Company's contribution to provident fund	-	-	-	-	871	652
Leave encashment	-	-	-	-	363	830
Medical expenses	-	-	-	-	726	1,660
	-	-	-	-	16,470	37,036
Number of persons	1	1	6	6	5	6

31.1 The Executives are entitled for medical facility to the extent of reimbursement of actual expenditure and other benefits in accordance with their terms of employment.

31.2 In addition to the above, fee paid to directors for attending Board of Directors meetings during the year amounted to Rs. 0.38 million (2020: Rs. 0.25 million).

31.3 Salary of Chief Executive and Directors is borne by another group company.

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

32. SEGMENT INFORMATION

Based on internal reporting structure for the year, no reportable segments were identified that were of accounting significance for decision making.

33. RELATED PARTY TRANSACTIONS

33.1 The following transactions were carried out with related parties during the year:

Nature of relationship	Nature of transactions	2021	2020
		(Rupees '000)	
Parent Company	- Corporate service charges	12,000	12,000
Associated companies	- Purchases of Goods	97,287	14,311
	- Allocation of expenses - note 33.4	53,363	124,945
	- Funds received for working capital - note 15.1	107,200	117,000
	- Group relief - note 23.2	8,044	14,325
	- Sale of goods	2,134	41,536
Employees' Provident Fund	- Contributions paid	3,962	1,701

33.2 The Company has an agreement with IBL Operations (Private) Limited - associated company, regarding sharing of expenses relating to sales and administrative infrastructure.

33.3 The status of outstanding balances with related parties as at June 30, 2021 is included in the respective notes to the unconsolidated financial statements. These are settled in the ordinary course of business.

33.4 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

S.No.	Company Name	Basis of association	Aggregate % of Shareholding
1.	International Brands Limited	Parent	96.08%
2.	IBL Logistics (Private) Limited	Subsidiary	100.00%
3.	IBL Operations (Private) Limited	Common Directorship	N/A
4.	The Searle Company Limited	Common Directorship	N/A
5.	IBL Healthcare Limited	Common Directorship	N/A
6.	United Brands Limited - Staff Provident Fund	Retirement Fund	-
7.	Hasan Tariq Khan	Independent Director	N/A
8.	Tayyaba Rasheed	Independent Director	N/A
9.	Munis Abdullah	Director	N/A
10.	Rashid Abdullah	Director	N/A
11.	Syed Nadeem Ahmed	Chief Executive*	N/A
12.	Zubair Razzak Palwala	Director	N/A
13.	Syed Qasier Abbas	Chief Executive	N/A
14.	Rizwan Ahmed	Director	N/A

*Syed Nadeem Ahmed was appointed as Chief Executive subsequent to the year end.

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

34. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

34.3 Number of Employees as at June 30

- Permanent
- Contractual

2021	2020
225	154
9	6

Average number of employees during the year

- Permanent
- Contractual

251	154
4	6

35. CORRESPONDING FIGURES

Comparative information has been reclassified, re-arranged or additionally incorporated in these financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current period, having insignificant impact.

36. BUSINESS UNITS - GEOGRAPHICAL LOCATIONS AND ADDRESSES

SALES OFFICES

ADDRESSES

Abbottabad
Bahawalpur
Dera Gazi Khan

Rashid Building, Mir Pur Road Near Mir Pur Chashma. IBL Abbottabad.
Plot No. 73-74/A, Small Industrial Area Estate, Multan Road, Near NBP. Bahawalpur.
House No. 64-65, Block No. 16, Al-Mansoor Lodge, Ex PTCL Revenue Office. IBL Dera Ghazi Khan.

Faisalabad

Plot No. 387,388, Amin Town, Askari Road Near Educators School, West Canal Road. IBL Faisalabad.

Gujranwala
Gujrat

8 KM G.T Road , G Mangolia Housing Society. IBL Gujranwala.
Near Railway Crossing Shadiwal Road. IBL Gujrat.

Hyderabad
Islamabad

A/135 Near Al-Khair Agenceis Workshop SITE Area. IBL Hyderabad.
Plot No. 65 & 66, Street 13, I/9-2, Industrial Area. IBL Islamabad.

Jhang
Jhelum

Opposite Chungi No. 14 Faisalabad Road Jhang Sadar. IBL Jhang.
House No. BXV-1499 Azeem Road Kala Gujran Tehsil & Distt. IBL Jhelum.

Karachi
Karachi

House No. D-26, Block B, North Nazimabad, Near Life Line Hospital. IBL Karachi.
A-126, PIA Housing Society. Phase No. 1, Gate No.1. Karachi.

Karachi
Karachi

F2Q SITE, Near Khaadi Factory. Karachi.
House No. 14, Block 7 & 8, D.M.C.H.S., Tipu Sultan Road. Karachi.

Kasur

House # 11-12, Main Abid Town, Khara Road. IBL Kasur.

Khanewal

House No. 4 Main Road Allama Iqbal Town Khanewal.

Korangi
Larkana

Plot No. 12 & 32, Sector 19, Industrial Area. IBL Korangi.
Latif Colony, Main Road Rehmatpur. IBL Larkana.

Mardan
Multan

Ittifaq Colony Near Custom Office Koragh Chowk. IBL Mardan.
Plot No.590, 591 Jahangir Abad NLC Chowk Main G.T Road. IBL Multan.

New Challi

Shop No.2 FR 6/22 - 111 - C Serai Quarter, Maan Singh Building. KA.RS Captain Road. IBL New Challi.

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

SALES OFFICES

Okara
Peshawar
Quetta
Sadiqabad
Sahiwal
Sargodha

Sialkot
Sukkur
Wah Cantt

ADDRESSES

House No. 4, Ali Street, Fardious Town G.T. Road. IBL Okara.
Jhagra Stop, Near Jhagra Gattering Hall, G.T. Road. IBL Peshawar.
Plot No. 935 Killi Syedan Airport Road. IBL Quetta.
Sahib Naseeb Town, Street No.1, Manthar Road, IBL Sadiqabad.
House No. 7, Street No. 1, Gunj Shakar Colony, IBL Sahiwal.
House No. 42, Officer Colony, Behind Commerce College, Faisalabad Road. IBL Sargodha.
Plot No. 656,657 Barkat Town Near Moltex Factory Off Kashmir Road. IBL Sialkot.
Plot No. A - 3, Golimar Area, Near Khabrain Newspaper Press. IBL Sukkur.
Street No.1, Green Town Ghatiya Road Wah Garden. IBL Wah Cantt.

DISTRIBUTION WAREHOUSES ADDRESSES

Lahore
Lahore, 131/3, Quaid-e-Azam Industrial Estate Gate - 4, Near Fine Chowk, Kot Lakhpat, Lahore.

37 . DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were approved by the board of directors of the Company and authorised for issue on 5th October 2021.



Syed Qaisar Abbas
Director



Hasan Tariq Khan
Director



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the members of United Brands Limited

Opinion

We have audited the annexed consolidated financial statements of United Brands Limited (the Holding Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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.

Key Audit Matters

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

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD



Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
i)	Revenue recognition <i>(Refer note 2.15 and 17 to the annexed financial statements)</i> The Group recognises revenue when control of the underlying products has been transferred to the customers. We considered revenue as a key audit matter due to revenue being one of the key performance indicators of the Group. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.	Our audit procedures in respect of recognition of revenue, amongst others, included the following: <ul style="list-style-type: none">• understood and evaluated the design, implementation and operating effectiveness of control over revenue;• assessed the appropriateness of the Group's revenue recognition accounting policies by comparing with applicable accounting standards;• performed verification on revenue transactions, sales return and discounts on sample basis;• performed revenue analysis including month on month analysis, year on year analysis, business line wise analysis, etc. and inquired unusual fluctuations, if any;• performed cut-off procedures on sample basis to ensure sales have been recorded in the correct period; and• reviewed the adequacy of the disclosures made by the Group in this area with regard to applicable accounting and reporting standards.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: October 5, 2021

UNITED BRANDS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Note	2021	2020
(Rupees in '000')			
ASSETS			
Non-current assets			
Property and equipment	3	14,736	15,070
Intangible assets	4	452	949
Long-term deposits	5	2,532	3,224
		17,720	19,243
Current assets			
Inventories	6	620,883	811,593
Trade and other receivables	7	549,632	745,049
Prepayments and advances	8	22,963	125,727
Taxation - payments less provision		31,843	33,965
Tax refunds due from government - sales tax	9	74,976	24,506
Accrued Interest		196	-
Cash and bank balances	10	133,800	57,890
		1,434,293	1,798,730
Total assets		1,452,013	1,817,973
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	11	918,000	918,000
Accumulated losses		(809,170)	(871,010)
		108,830	46,990
Liabilities			
Non-current liabilities			
Long-term borrowings	12	12,571	9,012
Deferred income - Government grant	13	267	-
		12,838	9,012
Current liabilities			
Trade and other payables	14	987,821	983,289
Short-term borrowings	15	307,621	766,452
Current portion of deferred income - Government grant	13	1,781	-
Current portion of long-term borrowings	12	29,344	4,737
Accrued mark-up		3,425	7,140
Unclaimed dividend		353	353
		1,330,345	1,761,971
Total liabilities		1,343,183	1,770,983
Contingency and commitments	16		
Total equity and liabilities		1,452,013	1,817,973

The annexed notes from 1 to 36 form an integral part of these unconsolidated financial statements



Syed Qaisar Abbas
Director



Hasan Tariq Khan
Director



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in '000')	
Revenue from contracts with customers	17	3,286,744	3,574,526
Cost of sales and services	18	(2,756,931)	(2,687,818)
Gross profit		529,813	886,708
Marketing and distribution expenses	19	(296,441)	(669,010)
Administrative and general expenses	20	(93,958)	(83,272)
Loss allowance on trade receivables	7.1.3	(5,872)	(27,508)
Other operating expenses	21	(55,875)	(145,487)
Profit / (loss) from operations		77,667	(38,569)
Other income	22	98,850	55,137
Finance costs	23	(47,121)	(138,029)
Profit / (loss) before income tax		129,396	(121,461)
Income tax expense	24	(67,556)	(138,085)
Profit / (loss) for the year		61,840	(259,546)
Other comprehensive income		-	-
Total comprehensive income / (loss)		61,840	(259,546)
		(Rupees)	
Basic and diluted earnings / (loss) per share	25	0.67	(2.83)

The annexed notes from 1 to 36 form an integral part of these unconsolidated financial statements



Syed Qaisar Abbas
Director



Hasan Tariq Khan
Director



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Reserves		Total Equity
	Capital	Revenue	
	Issued, subscribed and paid up capital	Accumulated loss	
	(Rupees 000)		
Balance as at July 01, 2019	918,000	(611,464)	306,536
Loss for the year	-	(259,546)	(259,546)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year ended June 30, 2020	-	(259,546)	(259,546)
Balance as at July 01, 2020	918,000	(871,010)	46,990
Profit for the year	-	61,840	61,840
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year ended June 30, 2021	-	61,840	61,840
Balance as at June 30, 2021	918,000	(809,170)	108,830

The annexed notes from 1 to 36 form an integral part of these unconsolidated financial statements



Syed Qaisar Abbas
Director



Hasan Tariq Khan
Director



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
(Rupees in '000')			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	26	616,982	820,740
Decrease / (Increase) in long-term deposits		692	(3,110)
Income taxes paid		(65,434)	(119,595)
Finance cost paid		(42,411)	(159,343)
Net cash generated from operating activities		509,829	538,692
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(3,619)	(11,457)
Payment for acquisition of intangible assets		-	(113)
Placement in Term Deposit Receipt (TDR)		(32,092)	-
Net cash used in investing activities		(35,711)	(11,570)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	(18)
Proceeds from long term financing		44,940	13,749
Repayment of long term financing		(16,409)	-
Repayment of short term financing - net		(428,624)	(686,814)
Net cash used in financing activities		(400,093)	(673,083)
Net increase / (decrease) in cash and cash equivalents		74,025	(145,961)
Cash and cash equivalents at the beginning of the year		27,683	173,644
Cash and cash equivalents at the end of the year	27	101,708	27,683

The annexed notes from 1 to 36 form an integral part of these unconsolidated financial statements



Syed Qaisar Abbas
Director



Hasan Tariq Khan
Director



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1. CORPORATE AND GENERAL INFORMATION

1.1 The Group consists of: Holding Company - United Brands Limited (the company)

The Company was incorporated in Pakistan on March 13, 1965 as Batlay Match Industries Limited under the repealed Company Act, 1913. The Company was renamed as UDL Industries Limited on March 16, 1987 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company was again renamed as United Brands Limited, a public limited Company on April 5, 2006 under the repealed Companies Ordinance, 1984. The shares of the Company are quoted on the Pakistan Stock Exchange.

The Company is a subsidiary of International Brands Limited, which is also the Company's Ultimate Parent.

The principal activities of the Company are trading and distribution of consumer goods and allied products. During the year, the Company has started production of safety razors through toll manufacturing.

The geographical locations and addresses of Company's business units are as under:

- Registered office of the Company is situated at 2nd Floor, One IBL Center, Block No. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi; and
- 'The Company has various sale offices and distribution warehouses. Detailed list is provided in note 35.

Subsidiary companies are companies in which the Company owns over 50% of voting rights or companies directly or indirectly controlled by the Company. As at June 30, 2021, the Company owns 100% ordinary shares of IBL Logistics (Private) Limited (IBLPL).

Subsidiary Companies - IBL Logistics (Private) Limited (IBLPL).

IBLPL is a private limited company incorporated and registered under the Companies Act, 2017 on April 23, 2018.

The principal activities of the subsidiary company comprises primarily of warehousing, transportation, supply chain management, logistics services, trading and distribution of goods.

The geographical locations and addresses of the subsidiary's business units are as under:

- The registered office of the IBLPL is situated at 2nd Floor, One IBL Center, Block No. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi;
- The Company has a warehouse situated at Plot No. C-126, Sector 6-F, Mehran Town, Korangi, Karachi;
- Pepsi North East Warehouse, Dera Gujran Near Quaid-e-Azam Interchange;
- IBL Warehouse 26-KM Multan Road Near Loharan Wal Khoun, opposite ALhamd Marriage Hall, Maraka;
- IBL Pepsi Warehouse RB 241 Dhudhanwala Ghaziabad Near Machli Form Stop Lower Canal Road, Jarranwala Road, Faisalabad; and
- 18th KM, Ferozpur Road, Opposite Pak Arab Society, Near Medix Hospital, Lahore.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Basis of preparation

2.1.1 Statement of compliance

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. There are no matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgements made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of assets and liabilities in future periods is described in note 2.20 - Expected Credit Losses (ECLs).

Management believes that the change in outcome of estimates would not have a material impact on the amounts disclosed in the consolidated financial statements.

There have been no critical judgements other than those disclosed by the Groups' management in applying the accounting policies that would have significant effect on the amounts recognised in the consolidated financial statements.

2.1.3 Changes in accounting standards and interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Group's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Group's consolidated financial statements hence have not been detailed here.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2021. However, these will not have any impact on the Group's consolidated financial statements and hence have not been detailed here.

2.2 Overall valuation policy

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

These consolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

2.3 Basis of consolidation

(i) Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognised from the date the control ceases. These consolidated financial statements include United Brands Limited (the Holding Company) and IBL Logistics (Private) Limited (the Subsidiary Company).

The consolidated financial statements of the subsidiaries have been consolidated on a line by line basis. Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealised) are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

(ii) Where the ownership of a subsidiary is less than hundred percent and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the year, even if that results in a deficit balance.

The Group treats transactions with NCI that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in equity.

2.4 Property and equipment

These are initially recognised at cost and are subsequently carried at cost less accumulated depreciation and impairment losses (if any) except capital work-in-progress which is stated at cost.

Capital work-in-progress consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant operating assets category as and when assets are available for use.

Depreciation is charged to income using the straight-line method whereby the cost of an asset is written off over its estimated useful life at the rates stated in note 3.1 to the consolidated financial statements. Depreciation on acquisition is charged from the month of addition whereas no depreciation is charged in the month of disposal. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The carrying value of operating assets are 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.

Maintenance and normal repairs are charged to consolidated statement of profit or loss and other comprehensive income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Gains and losses on disposal of fixed assets are included in the consolidated statement of profit or loss and other comprehensive income.

2.5 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Group and that the cost of such asset can be measured reliably. These are stated at cost less accumulated amortisation and impairment, if any.

Computer software licenses are capitalised on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life using the straight line method.

The carrying values of intangible assets are 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.

2.6 Inventories

These are valued at the lower of cost and net realisable value. Raw and packing material and finished goods are valued using first-in first-out (FIFO) method. Cost of finished goods manufactured comprise of direct costs including toll manufacturing charges. Provision is recorded for expired goods. The cost of finished goods comprise of raw materials, direct labour, other direct costs and related production overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

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

2.7 Trade and other receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 2.20 for a description of the Company's impairment policies.

2.8 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise of cash in hand, balances with banks, cash and cheques held at branches and running finance facilities under mark-up arrangements availed from the banks.

2.9 Share capital

Ordinary shares are classified as equity and are recorded at their face value.

2.10 Trade and other payables

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

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

2.11 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group;
- or there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

2.12 Provisions

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

2.13 Income tax

i. Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation of income using prevailing tax rates after taking into account tax credits and rebates available, if any.

ii. Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited in the consolidated statement of profit or loss account.

Deferred tax is determined at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on the tax rates enacted at the reporting date.

2.14 Employee benefits

i. Defined contribution plan

The Group operates recognised and unrecognised provident funds for its eligible and permanent employees. Equal monthly contributions are made both by the Group and the employees at the rate of 10% of basic salary. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ii. Leave encashment - compensated absences

The Group accounts for employees' leave encashment at the end of December each year on the basis of 15 days of unavailed leave balance of each employee. The liability recognised in this respect is based on one half of the employee's last drawn basic salary.

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

2.15 Revenue recognition

Sale of goods

Revenue is recognised at a point in time when control of the products has been transferred, i.e. when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised on dispatch of goods to customers i.e. when significant risks and rewards of ownership have been transferred to the customer.

No element of financing is deemed present as the sales are made with credit term of upto 60 days, which is consistent with the market practice.

Rendering of services

Revenue from transportation and warehousing services is recognised in the accounting period in which the services are rendered.

No element of financing is deemed present as the services are rendered with a credit term of 15 days, which is consistent with the market practice.

2.16 Contract liability

A contract liability is the obligation of the Group to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs as per the contract.

2.17 Borrowings and their cost

Borrowings are recognised initially at fair value net of transaction cost incurred and subsequently at amortised cost using the effective interest method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use when the borrowing costs are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Such borrowing costs are capitalised as part of the cost of that asset.

Borrowings payable within next twelve months are classified as current liabilities.

2.18 Foreign currency transactions and translation

The consolidated financial statements are presented in Pakistan Rupee, which is the Group's functional and presentation currency. The figures are rounded off to the nearest thousand of Rupees.

Transactions in foreign currencies are accounted for in Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies, if any, as at the reporting date are translated into Rupees using the exchange rates prevailing at the reporting date. Exchange gains and losses, if any, are included in the consolidated statement of profit or loss and other comprehensive income.

2.19 Dividend distribution

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Dividend distribution to shareholders is accounted for in the period in which the dividend is approved.

2.20 Financial Instruments - Initial recognition and subsequent measurement

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

Classification of financial assets

The Group classifies its financial assets in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost..

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

UNITED BRANDS LIMITED

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Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income/(loss).

ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial asset

The Group recognises loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortised cost at an amount equal to life time ECLs except for the following, which are measured at 12 months ECLs:

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since the inception.
- employee receivables.
- other short term receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs. The expected loss rates are based on the payment profiles of sales over a period of 36 months before June 30, 2021 and the corresponding historical credit losses experienced within this period.

The Group considers a financial asset in default when it is more than 90 days past due.

Life time ECLs are the ECLs that result from all possible defaults events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Group in accordance with the contract and cash flows that the Group expects to receive).

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

UNITED BRANDS LIMITED

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Derecognition

i) Financial assets

The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to consolidated statement of changes in equity.

ii) Financial liabilities

The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss and other comprehensive income.

2.21 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the consolidated statement of financial position if the Group has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.22 Deferred income - Government grant

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Group recognizes government grants when there is reasonable assurance that grants will be received and the Group will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Group will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

UNITED BRANDS LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

3. PROPERTY AND EQUIPMENT

2021

2020

(Rupees '000)

Operating assets - note 3.1
 Capital work in progress (CWIP) - note 3.4

14,736	6,621
-	8,449
14,736	15,070

3.1 Operating assets

Leasehold Improvements	Machinery note 3.2	Furniture and Fittings	Office and other Equipments	Motor Vehicles	Total
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Net carrying value basis
Year ended June 30, 2021

← (Rupees '000) →

Opening net book value (NBV)	632	-	1,151	4,838	-	6,621
Additions (at cost)	531	43	1,384	1,661	-	3,619
Transfer from CWIP (at Cost)	-	8,449	-	-	-	8,449
Depreciation charge - note 3.3	(66)	(1,797)	(316)	(1,774)	-	(3,953)

Closing net book value (NBV)

1,097	6,695	2,219	4,725	-	14,736
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Gross carrying value basis
At June 30, 2021

Cost	2,889	8,492	3,869	18,995	2,842	37,087
Accumulated depreciation	(1,792)	(1,797)	(1,650)	(14,270)	(2,842)	(22,351)

Net book value (NBV)

(1,097)	6,695	2,219	4,725	-	14,736
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Net carrying value basis
Year ended June 30, 2020

Opening net book amount	-	-	1,024	4,463	-	5,487
Additions (at cost)	660	-	281	2,067	-	3,008
Depreciation charge - note 3.3	(28)	-	(154)	(1,692)	-	(1,874)

Closing net book value (NBV)

632	-	1,151	4,838	-	6,621
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Gross carrying value basis
At June 30, 2020

Cost	2,358	-	2,485	17,334	2,842	25,019
Accumulated depreciation	(1,726)	-	(1,334)	(12,496)	(2,842)	(18,398)

Net book value (NBV)

632	-	1,151	4,838	-	6,621
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Useful life in years

10	5	10	5	5
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UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

3.2 Machinery items represent moulds and cylinders having cost of Rs. 7.70 million and Rs. 0.75 million respectively were transferred from capital work-in-progress during the year, which are located at premises of Afeef Packages (Private) Limited and Fazleesons (Private) Limited respectively, as these are being used for manufacturing of the Company's products as disclosed in note 1.

3.3 Depreciation for the year has been allocated as follows:

Cost of services - note 18.3
 Cost of sales - manufactured goods - note 18.1
 Marketing and distribution expenses - note 19
 Administrative and general expenses - note 20

2021	2020
(Rupees '000)	
846	614
1,797	-
1,045	971
265	288
3,953	1,873

3.4 Capital work-in-progress

	Balance as at July 01, 2020	Additions during the year	Transfers	Balance as at June 30, 2021	Balance as at July 01, 2019	Additions during the year	Transfers	Balance as at June 30, 2020
← Rupees '000 →								
Machinery items - note 3.1	8,449	-	(8,449)	-	-	8,449	-	8,449

4. INTANGIBLE ASSETS

Computer software - note 4.1

4.1 Computer software

Net carrying value basis

Opening net book value
 Addition during the year
 Amortisation charge
 Net book value

Gross carrying value basis

Cost
 Accumulated amortisation

Net book value

Useful life in years

2021	2020
(Rupees '000)	
452	949
949	1,317
-	113
(497)	(481)
452	949
1,802	1,802
(1,350)	(853)
452	949
3 to 5	3 to 5

5. LONG TERM DEPOSITS

Long term deposits - note 5.1

2021	2020
(Rupees '000)	
2,532	3,224

5.1 As at June 30, 2021, this represents rent deposit amounting to Rs. 2.53 million (2020: Rs. 1.42 million) and against security deposit to Pakistan State Oil Limited for fuel card facility of Nil (2020: Rs. 1.8 million) . These

UNITED BRANDS LIMITED

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FOR THE YEAR ENDED JUNE 30, 2021

facilities are given to the employees in accordance with the terms of employment. These deposits do not carry any mark up arrangement.

6. INVENTORIES

Raw and packaging materials:

- in hand
- in transit

Finished goods

- manufactured note 6.1
- assembled

Trading goods:

- in hand - note 6.1
- in transit

2021	2020
(Rupees '000)	
78,947	22,429
17,201	-
98,148	22,429
12,005	-
19,795	2,964
441,712	627,773
51,223	158,427
620,883	811,593

6.1 These include stock-in-trade amounting to Rs. 0.83 million (2020: Nil) held with third party.

7. TRADE AND OTHER RECEIVABLES

Trade receivables - note 7.1

Other receivables - note 7.2

7.1 Trade receivables

Unsecured - Considered good

Related parties - note 7.1.1

Others - note 7.1.2

Considered doubtful - others - note 7.1.2

Less: Loss allowance on doubtful receivables - note 7.1.3

2021	2020
(Rupees '000)	
424,395	530,575
125,237	214,474
549,632	745,049
51,095	5,135
373,300	525,440
60,345	54,473
484,740	585,048
(60,345)	(54,473)
424,395	530,575

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7.1.1 As at June 30, 2021, age analysis of trade receivables from related parties is as follows:

Name of related party	Gross amount due	Past due amount	Provision for doubtful receivables	Reversal of provision for doubtful receivables	Amount due written off	Net amount due	Maximum amount outstanding at any time during the year
← Rupees →							
Year ended June 30, 2021							
The Searle Company Limited	39,546	18,620	-	-	-	39,546	48,547
The Home Makers (SMC-Private) Limited (Habitt)	5,833	3,656	-	-	-	5,833	6,290
IBL Healthcare Limited	3,987	2,006	-	-	-	3,987	3,987
OBS Pakistan (Private) Limited	1,729	1,005	-	-	-	1,729	3,543
			-	-	-		
	51,095	25,287	-	-	-	51,095	62,367
Year ended June 30, 2020							
The Searle Company Limited	4,781	3,203	-	-	-	4,781	38,571
International Brands Limited	57	57	-	-	-	57	57
International Franchises (Private) Limited	3	3	-	-	-	3	470
IBL Frontier Markets (Private) Limited	39	39	-	-	-	39	39
OBS Pakistan (Private) Limited	80	80	-	-	-	80	80
IBL Operations (Private) Limited	175	175	-	-	-	175	175
			-	-	-		
	5,135	3,557	-	-	-	5,135	39,392

7.1.2 As at June 30, 2021, the age analysis of these trade receivables is as follows:

	2021	2020
	(Rupees '000)	
Not yet due	226,695	387,589
Past due		
- Less than 30 days	90,409	78,245
- 31 to 90 days	46,330	52,324
- 90 to 360 days	22,363	18,806
- More than 360 days	47,848	42,949
	206,950	192,324
	433,645	579,913
7.1.3 Balance at beginning of the year	54,473	26,965
Charge during the year - net	5,872	27,508
Balance at end of the year	60,345	54,473
7.2 Other receivables - unsecured considered good		
Related party - notes 7.2.1 & 7.2.3	25,546	1,468
Others - note 7.2.2	99,691	213,006
	125,237	214,474

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7.2.1 This represents receivable from The Searle Company Limited amounting to Rs 8.04 million as disclosed in note 22.3, IBL HealthCare Limited amounting to Rs 3.94 million which pertains to claims raised in respect of discounts, samples and bonuses relating to sales of Canderel and The Home Makers (SMC-Private) Limited (Habitt) - associated company for claims in respect of warehousing and transportation expenses paid on behalf of the associated company.

7.2.2 This represents receivable from principals in respect of stock claims, expenses and others.

7.2.3 As at June 30, 2021, age analysis of other receivables from related party is as follows:

Name of related party	Gross amount due	Past due amount	Provision for doubtful receivables	Reversal of provision for doubtful receivables	Amount due written off	Net amount due	Maximum amount outstanding at any time during the year
← Rupees →							
Year ended June 30, 2021							
The Home Makers (SMC-Private) Limited (Habitt)	13,563	11,236	-	-	-	13,563	13,563
The Searle Company Limited	8,044	8,044	-	-	-	8,044	8,044
IBL HealthCare Limited	3,939	-	-	-	-	3,939	3,939
	25,546	19,280	-	-	-	25,546	25,546
Year ended June 30, 2020							
The Home Makers (SMC-Private) Limited (Habitt)	1,468	-	-	-	-	1,468	1,748
	1,468	-	-	-	-	1,468	1,748

8. PREPAYMENTS AND ADVANCES - unsecured

Prepayments - note 8.1
Advances - note 8.2

8.1 PREPAYMENTS

Rent
- Deposit
- Prepaid
Others

8.2 Advances - considered good

- Advance to suppliers
- Advance against letter of credit - note 8.2.1
- Advance against toll manufacturing - note 8.2.2
- Advance to employees
- Advance against marketing
- Advance against raw material
- Others - note 8.2.3

2021	2020
(Rupees '000)	
853	748
22,110	124,979
22,963	125,727
2021	2020
(Rupees '000)	
810	298
-	400
43	50
853	748
9,957	6,111
6,648	102,875
3,590	4,028
329	1,499
158	353
-	1,815
1,398	8,298
22,110	124,979

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- 8.2.1** This represents advances paid as 100% margin as per the BPRD Circular No. 02 of 2017 issued by the SBP under the Banking Companies Ordinance, 1962 for the import of goods.
- 8.2.2** This represents advance to Afeef Packages (Private) Limited against toll manufacturing of products.
- 8.2.3** The amount represents advances given to clearing agents, shipping companies and regulatory authorities.
- 8.2.4** These advances do not carry any mark up arrangement.

9. TAX REFUND DUE FROM GOVERNMENT - SALES TAX

During the year, the Deputy Commissioner Inland Revenue (DCIR) issued a notice to the Holding Company of demand under section 11(2)(4) of Sales Tax Act, 1990 dated March 30, 2021 creating a demand of Rs. 312 million on account of multiple discrepancies identified in the sales tax audit for the tax periods July 2016 to June 2017. The Holding Company has filed a Constitutional Petition No. D-3099 of 2021 before the Honorable High Court of Sindh. The Honorable High Court of Sindh has restrained the DCIR from enforcing the impugned sales tax demand till the decision of Commissioner Inland Revenue (Appeal-II) (CIRA). The appeal is currently pending to be heard before CIRA and shall be fixed for hearing subsequent to the year end. However, the management based on the opinion of its tax advisor is confident that the outcome will be in favour of the Holding Company. Therefore, no provision has been made in these consolidated financial statements.

10. CASH AND BANK BALANCES

Cash at banks

Current accounts - note 10.1
Savings accounts - note 10.2
Term Deposit Receipt - note 10.3

Cash and cheques in hand

2021	2020
(Rupees '000)	
36,342	32,637
44,395	12,840
32,092	-
112,829	45,477
20,971	12,413
133,800	57,890

- 10.1** All current accounts are maintained under conventional banking system.
- 10.2** Savings accounts are maintained under Islamic banking system carrying profit sharing rate ranging from 0.07% to 3.09% (2020: 0.05% to 3.54%) per annum.
- 10.3** It represents guarantee deposits placed with Silkbank Limited in form of term deposit receipts carrying mark up at the rate 6.75% (2020: Nil) per annum.

11. SHARE CAPITAL

Authorised Share Capital

Number of Shares			
2021	2020		
100,000,000	100,000,000	Ordinary shares of Rs. 10/- each	1,000,000

Issued, Subscribed and Paid-up Share Capital

Number of Shares			
2021	2020		
91,800,000	91,800,000	Ordinary shares of Rs. 10/- each fully paid in cash	918,000

- 11.1** As at June 30, 2021 International Brands Limited together with its nominees held 88,200,462 (June 30, 2020: 88,200,462) ordinary shares of Rs. 10 each.

UNITED BRANDS LIMITED

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12. LONG-TERM BORROWINGS

	2021	2020
	(Rupees '000)	
Balance as at July 1	13,749	-
Disbursements during the period	44,940	13,749
less:		
- Deferred income - government grant - note 13	(4,516)	-
- Repayments	(16,409)	-
Unwinding of discount on salary refinancing - note 23	4,151	-
Less: Current maturity shown under short-term borrowings	(29,344)	(4,737)
Balance as at June 30	12,571	9,012

12.1 This represents salary refinancing amounting to Rs. 44.94 million (June 30, 2020: Rs. 13.75 million) in relation to the Holding Company availing the State Bank of Pakistan's (SBP) payroll finance facility as part of measures for countering economic hardships faced by the businesses during COVID-19 pandemic. The Holding Company is paying a quarterly mark up at a discounted rate of 3% per annum, with eight equal quarterly instalments started from January 2021.

12.2 The facilities are secured against all the present and future movable current assets of the Holding Company including but not limited to stocks, raw materials, stock in transit cash etc., now or hereafter stored or located and / or elsewhere in Pakistan including goods in transit.

13. DEFERRED INCOME - GOVERNMENT GRANT

	2021	2020
	(Rupees '000)	
Balance as at July 1	-	-
Additions during the year - note 12	4,516	-
Deferred income recognised during the year - note 22	(2,468)	-
less : current portion of deferred income	(1,781)	-
Balance as at the June 30	267	-

14. TRADE AND OTHER PAYABLES

Trade creditors	432,345	412,084
Payable to IBL Operations (Private) Limited - note 14.1	208,019	279,802
Accrued liabilities	158,285	134,485
Payable to The Searle Company Limited - note 14.2	111,751	117,071
Payable to IBL Healthcare Limited - note 14.2	36,432	579
Payable to International Brands Limited - note 14.3	18,194	5,154
Withholding tax payable	8,517	2,585
Payable to employees' provident fund - note 14.4	3,202	4,759
EOBI and SESSI payable	1,667	-
Advances from customers	-	11,259
Bills payables	-	6,530
Other liabilities	9,409	8,981
	987,821	983,289

14.1 This includes amount payable to IBL Operations (Private) Limited - associated company under agreement for sharing of expenses relating to sales and administrative infrastructure. It also includes Rs. 107 million as funds transferred to the Group to meet working capital requirements which do not carry mark-up and are repayable on demand.

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14.2 This represents amount payable in respect of goods purchased from a related party.

14.3 This represents amount payable on account of corporate service charges.

14.4 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

15. SHORT TERM FINANCING

2021

2020

(Rupees '000)

Running finance under mark-up arrangement - note 15.1
Short-term facility under Islamic Al-bai finance - note 15.2
Short term loans - notes 15.3

-	30,207
35,389	-
272,232	736,245
307,621	766,452

15.1 As at June 30, 2021, available running finance facility under mark-up arrangement from a commercial bank amounted to Rs. 35 million (2020: Rs. 35 million). The arrangement is secured by way of pari passu charge over the inventories and receivables of the Holding Company with 25% margin.

The arrangement carries mark-up at the rate of 2.25% above one month KIBOR (2020: 2.25% above one month KIBOR) to be determined on monthly basis.

15.2 The Group has availed this year short term finance facility under Islamic mode of financing from a commercial bank. The rate of mark-up on this facility is 1.5% above six months KIBOR.

15.3 These represent short-term loans obtained under financing arrangement from commercial banks. These are secured by way of hypothecation charge over inventories and receivables of the Holding Company with 25% margin. These are maturing between July and December 2021.

The arrangements carry mark-up ranging from 0.15% to 2.5% above six months KIBOR & 1.75% above three month KIBOR (2020: 0.15% to 2.5% above six months KIBOR and 1.75% above three month KIBOR).

16. CONTINGENCY AND COMMITMENTS

16.1 Contingency

During the year ended June 30, 2020, the Deputy Commissioner Inland Revenue issued a notice of demand to the Holding Company under section 137(2) of the Income Tax Ordinance, 2001 (the Ordinance) dated January 31, 2020 for recovery of tax amounting to Rs. 94.66 million created pursuant to Order dated January 31, 2020 passed under section 122(1) for tax year 2018. The Holding Company has filed a Constitutional Petition No. D-1421 of 2020 before the Honorable High Court of Sindh. The Honorable High Court of Sindh has restrained the Deputy Commissioner Inland Revenue from enforcing the impugned income tax demand till the decision of Commissioner Inland Revenue (Appeals-II). The appeal is currently pending to be heard before the Commissioner Inland Revenue (Appeals-II) and shall be fixed for hearing subsequent to the year end. However, the management based on the opinion of its tax advisor is confident that the outcome will be in favour of the Group. Therefore, no provision has been made in these consolidated financial statements.

16.2 Commitments

The facilities for opening letter of credit and guarantees as at June 30, 2021 amounted to Rs. 550 million (June 30, 2020: Rs. 750 million) and Rs. 132.09 million (June 30, 2020: Rs. 150 million) respectively. The amount remaining

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unutilised at the year end for letter of credit and guarantees was Rs. 536.94 million (June 30, 2020: Rs. 733.35 million) and Nil (June 30, 2020: Rs. 50 million) respectively.

The facilities are secured by way of pari passu charge against hypothecation of the Group's current assets. The Ultimate Holding Company has pledged 421,000 shares of The Searle Company Limited for the guarantee provided on behalf of the Group.

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from

Manufactured goods
Trading Stock
Services - note 17.1
Less:

- Trade discount
- Sales returns
- Sales tax
- Provincial sales tax

2021	2020
(Rupees '000)	
228,795	5,035
3,275,486	4,249,411
556,779	232,545
4,061,060	4,486,991
(164,379)	(138,416)
(122,105)	(96,346)
(436,028)	(648,764)
(51,804)	(28,939)
(774,316)	(912,465)
3,286,744	3,574,526

17.1 This represents warehousing and transportation services.

18. COST OF SALES AND SERVICES

Cost of sales - manufactured goods - note 18.1
Cost of sales - trading stock - note 18.2
Cost of services - note 18.3

2021	2020
(Rupees '000)	
110,130	1,703
2,213,960	2,488,238
432,841	197,877
2,756,931	2,687,818

18.1 COST OF SALES - Manufactured Goods

Raw and packaging material consumed
Salaries, wages and benefits
Toll manufacturing charges
Depreciation
Utilities
Provision for expired stock
Fuel, Water and power
Repair & maintenance
Rent, rates and taxes

Add: Opening inventory of finished goods
Less: Closing inventory of finished goods
Cost of sales - manufactured goods

2021	2020
(Rupees '000)	
130,236	1,703
2,778	2,500
1,949	-
1,797	-
140	34
72	-
55	1
29	-
1,910	429
138,966	4,667
2,964	-
(31,800)	(2,964)
110,130	1,703

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	2021	2020
	(Rupees '000)	
18.2 Cost of sales - trading stock		
Opening inventory	786,200	1,194,899
Purchases during the year - net of claims	1,920,695	2,084,901
Closing Inventory	(492,395)	(791,562)
	2,213,960	2,488,238

18.3 Cost of services

Freight and cartage	157,361	455
Salaries, wages and allowances - note 18.3.1	126,965	82,979
Vehicle running and repair & maintenance	100,330	75,992
Rent, rates and taxes	34,057	28,530
Utilities	4,063	2,679
Communication & entertainment	2,549	1,597
Printing and stationery	2,004	1,349
Insurance and security expenses	1,900	631
Depreciation	846	614
Amortisation	341	341
Others	2,425	2,710
	432,841	197,877

18.3.1 Salaries, wages and allowances include Rs. 1.9 million (2020: Rs. 1.2 million) in respect of contributory provident fund.

19. MARKETING AND DISTRIBUTION EXPENSES

	2021	2020
	(Rupees '000)	
Salaries, wages and allowances - note 19.1	100,715	103,452
Rent, rates and taxes	60,229	78,523
Vehicle running and repair & maintenance	45,685	37,900
Advertising and sales promotion - note 20.2	39,182	395,138
Freight and cartage	23,197	22,965
Insurance and security expenses	10,957	11,938
Utilities	7,736	8,206
Travelling and conveyance	3,272	1,878
Communication and entertainment	2,624	3,553
Printing and stationary	1,391	1,654
Depreciation	1,045	971
Amortisation	28	28
Warranty and claims - note 19.3	-	2,764
Others	380	40
	296,441	669,010

UNITED BRANDS LIMITED

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19.1 Salaries, wages and allowances include Rs. 3.21 million (2020: Rs. 1.43 million) in respect of contributory provident fund.

19.2 This includes Rs. 7.57 million (2020: Rs. 295.7 million) in respect of amortisation of short term prepayments pertaining to marketing contribution for Red Bull products.

19.3 This represents provision against replacement of damaged products of Future Technologies subject to warranty period aligned with customers.

	2021	2020
	(Rupees '000)	
20. ADMINISTRATIVE AND GENERAL EXPENSES		
Salaries, wages and allowances - note 20.1	61,085	42,790
Corporate service charges - note 20.2	12,000	12,000
Rent, rates and taxes	4,036	3,285
Auditors' remuneration - note 20.3	3,230	3,313
Legal and professional	2,595	5,719
Vehicle running and repair & maintenance	2,465	2,353
Fee and subscription	2,253	556
Travelling and conveyance	2,059	2,902
Printing and stationary	1,017	623
Freight and cartage	561	652
Insurance and security expenses	549	365
Communication and entertainment	376	818
Depreciation	265	288
Utilities	164	562
Amortisation	128	112
Donations - note 20.4	-	5,400
Others	1,175	1,534
	93,958	83,272

20.1 Salaries, wages and allowances include Rs. 1.37 million (2020: Rs. 1.01 million) in respect of contributory provident fund.

20.2 This represents reimbursement of information technology charges to International Brands Limited (Ultimate Holding Company) at Rs. 1 million (2020: Rs.1 million) per month.

	2021	2020
	(Rupees '000)	
20.3 Auditors' remuneration		
Annual audit fee	1,450	1,100
Fee for review of half yearly financial information, Statement of Compliance with Code of Corporate Governance, other certifications and others	750	1,193
Taxation services	600	600
Out-of-pocket expenses	430	420
	3,230	3,313

20.4 During the year, the Group made a donation amounting to Nil (2020: Rs. 5.4 million) to Jamil Dehlavi.

UNITED BRANDS LIMITED

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FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees '000)	
21. OTHER OPERATING EXPENSES		
Provision for expired and damaged stock - note 21.1	52,319	140,518
Balance considered irrecoverable written off	-	3,406
Others - note 21.2	3,556	1,563
	55,875	145,487

21.1 This mainly includes provisions for damaged and expired items of Johnson & Johnson amounting to Rs. 39.96 million (2020: Rs. 62 million) and Kellogg's amounting to Rs. 0.53 million (2020 Rs. 46.5 million).

21.2 This pertains to deductions by the principals on account of incomplete execution of sales order.

	2021	2020
	(Rupees '000)	
22. OTHER INCOME		
Income from financial assets		
Profit on savings accounts	845	1,632
Profit on Term Deposit Receipt	233	-
Income from non-financial assets		
Exchange gain net	47,293	12,507
Scrap sales - note 22.1	31,091	24,360
Severance payment - note 22.2	8,700	-
Group relief - note 22.2	8,044	14,325
Deferred income recognised on government grant	2,468	-
Others	176	2,313
	98,850	55,137

22.1 This includes scrap sales in relation to damaged items of AXE business line subsequent to its discontinuance and damaged items of Johnson & Johnson (J&J) amounting to Rs. 3.8 million and Rs. 26.73 million respectively. This sale represents the portion of total stock which could not be sold to other distributor under inventory transfer agreement.

22.2 This represents severance payment made by Redbull in respect of discontinuance of the business with the Group.

22.3 In the tax year 2020, the Group had availed Group relief under section 59B of the Income Tax Ordinance, 2001 (the Ordinance). During the year, the Group has surrendered its taxable loss amounting to Rs. 27.74 million (2020: Rs.49.4 million) to its associated company, The Searle Company Limited.

	2021	2020
	(Rupees '000)	
23. FINANCE COSTS		
Bank charges	4,274	9,187
Mark up on running finance arrangements	1,477	4,940
Mark up on short term loans	37,219	123,733
Unwinding of discount on salary refinancing	4,151	-
Exchange (gain)/loss - net	-	169
	47,121	138,029

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FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees '000)	
24. INCOME TAX EXPENSE		
- for current year	66,697	140,008
- for prior year	859	(1,923)
	<u>67,556</u>	<u>138,085</u>

	2021	2020	2021	2020
24.1 Relationship between tax expense and accounting profit / (loss)	Effective tax rate		Rupees '000	
	%			
Profit / (loss) before income tax			<u>129,396</u>	<u>(121,461)</u>
Tax at the enacted tax rate	29.00	29.00	37,525	(35,224)
Effect of:				
- Minimum tax on imports	9.01	(121.78)	11,665	147,914
- Minimum tax on services	-	(6.53)	-	7,927
- Minimum tax under section 113	19.65	(20.82)	25,426	25,291
- Prior year impact	0.66	1.58	859	(1,923)
- Others	(6.12)	4.86	(7,919)	(5,900)
Income tax expense for the year	<u>52.20</u>	<u>(113.69)</u>	<u>67,556</u>	<u>138,085</u>

24.2 Deferred tax asset is not recognised because it is not probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised.

	2021	2020
	(Rupees '000)	
25. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE		
Profit / (loss) for the year attributable to ordinary shareholders	<u>61,840</u>	<u>(259,550)</u>
	(Number of Shares)	
Weighted average number of ordinary shares outstanding during the year	<u>91,800,000</u>	<u>91,800,000</u>
	(Rupees)	
Basic and diluted earnings / (loss) per share	<u>(0.67)</u>	<u>(2.83)</u>

25.1 A diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at June 30, 2021 and 2020 which would have any effect on the loss per share if the option to convert is exercised.

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	June 30, 2021	June 30, 2020
	(Rupees '000)	
26. CASH GENERATED FROM OPERATIONS		
Profit / (loss) before income tax	129,396	(121,461)
Adjustments for non-cash charges and other items		
Depreciation	3,953	1,874
Amortisation	497	481
Deferred income - Government grant	(2,468)	-
Interest income	(196)	-
Mark-up on running finance arrangements	1,477	4,940
Provision for expired and damaged stock	52,319	140,518
Loss allowance on trade receivables	5,872	27,508
Mark-up on short term loans	37,219	123,902
Unwinding of discount on salary refinancing	4,151	-
	102,824	299,223
	232,220	177,762
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Inventories	138,391	242,788
Trade and other receivables	189,545	(162,319)
Prepayments and advances	102,764	348,756
Tax refunds due from government - sales tax	(50,470)	(20,734)
	380,230	408,491
Increase in trade and other payables	4,532	234,487
Cash generated from operations	616,982	820,740
	June 30, 2021	June 30, 2020
	(Rupees '000)	
27. CASH AND CASH EQUIVALENTS		
Cash and bank balances excluding term deposit receipt - note 10	101,709	57,890
Running finance under mark-up arrangements - note 15	-	(30,207)
	101,708	27,683

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28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

28.1 All the financial assets and financial liabilities of the Group are classified at amortised cost.

	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
				(Rupees '000)			
FINANCIAL ASSETS							
At amortized cost							
Long term deposits	-	-	-	-	2,532	2,532	2,532
Trade and other receivables	-	-	-	549,632	-	549,632	549,632
Cash and bank balances	44,395	-	44,395	89,405	-	89,405	133,800
June 30, 2021	44,395	-	44,395	639,037	2,532	641,569	685,964
June 30, 2020	12,840	-	12,840	942,394	1,914	944,308	957,148
FINANCIAL LIABILITIES							
At amortized cost							
Trade and other payables	-	-	-	819,352	-	819,352	819,352
Unclaimed dividend	-	-	-	353	-	353	353
Long-term borrowings	29,344	12,571	41,915	-	-	-	41,915
Short-term borrowings	307,621	-	307,621	-	-	-	307,621
Accrued mark-up	3,425	-	3,425	-	-	-	3,425
June 30, 2021	340,390	12,571	352,961	819,705	-	819,705	1,172,666
June 30, 2020	771,189	9,012	780,201	816,246	-	816,246	1,596,447
ON REPORTING DATE GAP							
June 30, 2021	(295,995)	(12,571)	(308,566)	(180,668)	2,532	(178,136)	(486,702)
June 30, 2020	(758,349)	(9,012)	(767,361)	126,148	1,914	128,062	(639,299)
OFF STATEMENT OF FINANCIAL POSITION ITEMS							
Letters of credit / guarantees							
June 30, 2021							536,944
June 30, 2020							783,350

28.2 Financial Risk Management

The Group has exposure to the following risks arising from financial instruments:

- credit Risk
- liquidity Risk
- market Risk

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Risk management framework

The Group's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Group and the manner in which such risks are managed is as follows:

28.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to the financial instrument fails to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. The Group believes that it is not exposed to major concentration of credit risk as the exposure is spread over a number of counter parties. To manage exposure to credit risk, the Group applies credit limits to its customers.

28.3.1 Exposure to credit risk

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

	2021	2020
	(Rupees '000)	
Financial assets at amortised cost		
Long term deposit - note 6	2,532	3,224
Trade and other receivable - note 8	549,632	745,049
Bank Balance - note 11	112,829	45,477
	664,993	793,750

28.3.2 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, employees, regulatory authorities and utility companies have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates.

(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, margin against bank guarantees, margins against letter of credit and accrued return on deposits. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Following are the credit ratings of counterparties with external credit ratings:

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Bank Balances

	Rating			2021 (Rupees in thousand)	2020
	Short Term	Long Term	Agency		
Al Baraka Bank Pakistan Limited	A1	A	JCR-VIS	3,589	6,817
Habib Metropolitan Bank	A1+	AA+	PCRA	3,179	4,258
Silkbank Limited	A2	A-	JCR-VIS	1,962	3,741
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	JCR-VIS	1,506	892
Habib Bank Limited	A1+	AAA	JCR-VIS	48,064	9,938
Bank AL Habib Limited	A1+	AAA	PCRA	1,818	829
Meezan Bank Limited	A1+	AAA	JCR-VIS	20,620	12,903
				80,738	39,378

b) Counterparties without external credit ratings

These mainly include customers which are counter parties to local trade debts against sale of goods. As explained in note 2.20, the Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery.

Management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off.

The Group has used three years monthly data in the calculation of historical loss rates along with the matching monthly ageing brackets for the computation of roll rates. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2021 was determined as follows:

	2021			2020		
	Expected loss rates %	Gross carrying amount	Loss allowance	Expected loss rates %	Gross carrying amount	Loss allowance
		Rupees in '000			Rupees in '000	
Not past due	0.010	226,695	2,358	0.003	387,589	1,198
Past due						
1 - 30 days	0.016	90,409	1,424	0.023	78,245	1,784
31 - 90 days	0.044	46,330	2,018	0.039	52,324	2,030
91 - 360 days	0.299	22,363	6,697	0.347	18,808	6,534
More than 360 days	1.000	47,848	47,848	1.000	42,949	42,949
		433,645	60,345		579,913	54,473

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28.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. The management closely monitors the Group's liquidity and cash flow position. The Group's approach to manage liquidity risk is to maintain sufficient level of liquidity based on expected cash flow by holding highly liquid assets, creditor concentration and maintaining sufficient reserve financing facilities.

28.4.1 Exposure to liquidity risk

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	2021					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees in '000)					
Financial liabilities						
Long-term borrowings	41,915	44,841	15,173	14,941	14,727	-
Trade and other payables	819,352	823,668	-	666,917	-	-
Unclaimed dividend	353	353	-	353	-	-
Accrued mark-up	3,425	3,425	-	2,850	-	-
Short-term borrowings	307,621	307,621	-	272,232	-	-
	1,172,666	1,179,908	15,173	957,293	14,727	-
	2020					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees in '000)					
Financial liabilities						
Long-term borrowings	13,749	14,021	-	3,604	10,417	-
Trade and other payables	806,262	806,262	-	655,721	-	-
Unclaimed dividend	353	353	353	-	-	-
Accrued mark-up	7,140	7,140	-	7,140	-	-
Short-term borrowings	766,452	766,452	-	766,452	-	-
	1,593,956	1,594,228	353	1,432,917	10,417	-

29.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

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(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at June 30, 2021, the Group is not materially exposed to interest rate risk.

As at June 30, 2021, the Group had variable interest bearing financial liabilities of Rs. 349.54 million (2020:Rs. 780.21 million) and had the interest rate varied by 200 basis points with all the other variables held constant, loss before income tax for the year would have been approximately Rs. 6.99 million (2020: Rs. 15.61 million) lower / higher.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flow of the financial instruments, will fluctuate because of changes in foreign currency rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Group is exposed to currency risk on payables in respect of imported inventory denominated in US Dollar (\$) and Swiss Francs. The total foreign currency risk exposure as at June 30, 2021 is Nil (June 30, 2020: Rs 6.53 million).

As at June 30, 2021, if the Pak Rupee had weakened / strengthened by 2% against US Dollar with all other variables held constant, loss before tax for the year would have been higher / lower by Nil (2020: loss before tax would have been higher / lower by Rs. 0.28 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets and liabilities.

The following table summarises the financial currency exposure as on June 30, 2021 and 2020 that are subject to foreign currency risk and shows the estimated changes in the value of such exposure assuming the underlying exchange rates are applied immediately and uniformly across all currencies. The changes in value do not necessarily reflect the best of worst case scenarios and actual results may differ. The analysis assumes that all other variables, in particular, interest rate, remain constant.

	Carrying value of foreign currency liabilities	Estimated fair value assuming a hypothetical percentage increase / (decrease) in the value of foreign currencies versus Pak Rupee					
		(20%)	(10%)	(1%)	1%	10%	20%
June 30, 2021 - (Rupees in million)	0	0.00	0.00	0.00	0.00	0.00	0.00
June 30, 2020 - (Rupees in million)	6.53	5.22	5.88	6.46	6.60	7.18	7.84

The year end exposure does not reflect the exposure during the year because of foreign currency purchases and payments..

29. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can provide adequate returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital

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The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

the debt to capital ratios at June 30, 2021 and at June 30, 2020 were as follows:

	2021	2020
	(Rupees '000)	
Total borrowings	349,536	780,201
Cash and bank - note 10	(133,800)	(57,890)
Net debt	215,736	722,311
Equity	108,830	46,990
Total capital	324,566	769,301
Debt to capital ratio	0.66	0.94

30. REMUNERATION TO CHIEF EXECUTIVE AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	Rupees '000					
Managerial remuneration	-	-	-	-	15,923	24,313
Allowances	-	-	-	-	7,962	12,838
Bonus	-	-	-	-	2,654	4,752
Group's contribution to provident fund	-	-	-	-	1,593	1,092
Leave encashment	-	-	-	-	664	1,013
Medical expenses	-	-	-	-	1,327	2,026
	-	-	-	-	30,123	46,034
Number of persons	1	1	6	6	9	9

30.1 The Chief Executive and certain Executives are entitled for medical facility to the extent of reimbursement of actual expenditure and other benefits in accordance with their terms of employment.

30.2 In addition to the above, fee paid to directors for attending Board of Directors meetings during the year amounted to Rs. 0.4 million (2020: Rs. 0.25 million).

30.3 Salary of Chief Executive and Directors is borne by another group company.

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31. SEGMENT INFORMATION

Based on internal reporting structure for the year, no reportable segments were identified that were of

32. RELATED PARTY TRANSACTIONS

32.1 The following transactions were carried out with related parties during the year:

Nature of relationship	Nature of transactions	2021	2020
		(Rupees '000)	
Ultimate Holding Company - Corporate service charges		12,000	12,000
Associated companies	- Purchases	93,095	71,764
	- Allocation of expenses - note 32.2	136,919	124,945
	- Funds received for working capital - note 14.1	107,200	117,000
	- Group relief - note 22.3	8,044	14,325
	- Sale of goods	2,074	52,865
Employees' Provident Fund	- Contributions paid	6,482	1,701

32.2 The Group has an agreement with IBL Operations (Private) Limited - associated company, regarding sharing of expenses relating to sales and administrative infrastructure.

32.3 The status of outstanding balances with related parties as at June 30, 2021 is included in the respective notes to the consolidated financial statements. These are settled in the ordinary course of business.

32.4 Certain business lines were transferred from IBL Operations (Private) Limited - associate company during the later part of the year without any consideration in relation to such transfer of business.

Following are the related parties with whom the Group had entered into transactions or have arrangement / agreement in place.

S.No.	Company Name	Basis of association	Aggregate % of Shareholding
1.	International Brands Limited	Ultimate Holding Company	96.08%
2.	IBL Operations (Private) Limited	Common Directorship	N/A
3.	The Searle Company Limited	Common Directorship	N/A
4.	IBL Healthcare Limited	Common Directorship	N/A
5.	OBS Pakistan (Private) Limited	Group Company	N/A
6.	The Home Makers (SMC-Private) Limited (Habitt)	Group Company	N/A
7.	United Retail (SMC-Private) Limited details	Group Company	N/A
8.	United Brands Limited - Staff Provident Fund	Retirement Fund	-
9.	Hasan Tariq Khan	Independent Director	N/A
10.	Tayyaba Rasheed	Independent Director	N/A
11.	Munis Abdullah	Director	N/A

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S.No.	Company Name	Basis of association	Aggregate % of Shareholding
12.	Rashid Abdulla	Director	N/A
13.	Shahid Abdullah	Close Relative of KMP	N/A
14.	Asad Abdulla	Close Relative of KMP	N/A
15.	Faisal Abdullah	Close Relative of KMP	N/A
16.	Ayaz Abdulla	Close Relative of KMP	N/A
17.	Syed Nadeem Ahemd	Chief Executive Officer*	N/A
18.	Zubair Razzak Palwala	Director	N/A
19.	Syed Qaiser Abbas	Chief Executive Officer	N/A
20.	Hammad Bin Kafeel	Director	N/A
21.	Shariq Ahmed	Chief Financial Officer	N/A
22.	Rizwan Ahmad	Director	N/A

*Syed Nadeem Ahmed was appointed as Chief Executive Officer (CEO) subsequent to the year end.

33. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

Number of Employees as at June 30	2021	2020
- Permanent	320	253
- Contractual	49	60
Average number of employees during the year		
- Permanent	350	253
- Contractual	51	60

34. CORRESPONDING FIGURES

Comparative information has been reclassified, re-arranged or additionally incorporated in these financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current period, having insignificant impact.

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35. BUSINESS UNITS - GEOGRAPHICAL LOCATIONS AND ADDRESSES

SALES OFFICES

ADDRESSES

Abbottabad	Rashid Building, Mir Pur Road Near Mir Pur Chashma. IBL Abbottabad.
Bahawalpur	Plot No. 73-74/A, Small Industrial Area Estate, Multan Road, Near NBP. Bahawalpur.
Dera Gazi Khan	House No. 64-65, Block No. 16, Al-Mansoor Lodge, Ex PTCL Revenue Office. IBL Dera Ghazi Khan.
Faisalabad	Plot No. 387,388, Amin Town, Askari Road Near Educators School, West Canal Road. IBL Faisalabad.
Gujranwala	8 KM G.T Road , G Mangolia Housing Society. IBL Gujranwala.
Gujrat	Near Railway Crossing Shadiwal Road. IBL Gujrat.
Hyderabad	A/135 Near Al-Khair Agenceis Workshop SITE Area. IBL Hyderabad.
Islamabad	Plot No. 65 & 66, Street 13, I/9-2, Industrial Area. IBL Islamabad.
Jhang	Opposite Chungi No. 14 Faisalabad Road Jhang Sadar. IBL Jhang.
Jhelum	House No. BXV-1499 Azeem Road Kala Gujran Tehsil & Distt. IBL Jhelum.
Karachi	House No. D-26, Block B, North Nazimabad, Near Life Line Hospital. IBL Karachi.
Karachi	A-126, PIA Housing Society. Phase No. 1, Gate No.1. Karachi.
Karachi	F2Q SITE, Near Khaadi Factory. Karachi.
Karachi	House No. 14, Block 7 & 8, D.M.C.H.S., Tipu Sultan Road. Karachi.
Kasur	House # 11-12, Main Abid Town, Khara Road. IBL Kasur.
Khanewal	House No. 4 Main Road Allama Iqbal Town Khanewal.
Korangi	Plot No. 12 & 32, Sector 19, Industrial Area. IBL Korangi.
Larkana	Latif Colony, Main Road Rehmatpur. IBL Larkana.
Mardan	Ittifaq Colony Near Custom Office Koragh Chowk. IBL Mardan.
Multan	Plot No.590, 591 Jahangir Abad NLC Chowk Main G.T Road. IBL Multan.
New Challi	Shop No.2 FR 6/22 - 111 - C Serai Quarter, Maan Singh Building. KA.RS Captain Road. IBL New Challi.
Okara	House No. 4, Ali Street, Fardious Town G.T. Road. IBL Okara.
Peshawar	Jhagra Stop, Near Jhagra Gattering Hall, G.T. Road. IBL Peshawar.
Quetta	Plot No. 935 Killi Syedan Airport Road. IBL Quetta.
Sadiqabad	Sahib Naseeb Town, Street No.1, Manthar Road, IBL Sadiqabad.
Sahiwal	House No. 7, Street No. 1, Gunj Shakar Colony, IBL Sahiwal.
Sargodha	Hosue No. 42, Officer Colony, Behind Commerce College, Faisalabad Road. IBL Sargodha.
Sialkot	Plot No. 656,657 Barkat Town Near Moltex Factory Off Kashmir Road. IBL Sialkot.
Sukkur	Plot No. A - 3, Golimar Area, Near Khabrain Newspaper Press. IBL Sukkur.
Wah Cantt	Street No.1, Green Town Ghatiya Road Wah Garden. IBL Wah Cantt.

DISTRIBUTION WAREHOUSES ADDRESSES

Lahore	Lahore, 131/3, Quaid-e-Azam Industrial Estate Gate - 4, Near Fine Chowk, Kot Lakhpat, Lahore.
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36. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were approved by the Board of directors of the Group and authorised for issue on 5th October 2021.



Syed Qaisar Abbas
Director



Hasan Tariq Khan
Director



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

Pattern of Shareholding

As of June 30, 2021

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	8	218,600	0.24%
Associated Companies, undertaking and related parties	4	88,212,929	96.09%
NIT and ICP	1	1,650	0.00%
Banks DFIs, NBFIs	1	4	0.00%
Insurance Companies	0	-	0.00%
Modarabas and Mutual Funds	1	219,570	0.24%
General Public Local	907	3,006,982	3.28%
General Public Foreign	1	30,000	0.03%
Foreign Companies	0	-	0.00%
Others	8	110,265	0.12%
Total	931	91,800,000	100%

Share holders holding 10% or more	Number of Shareholders	Shares Held	Percentage
International Brands Limited	1	88,200,462	96.08%

Number of Shareholders	Shareholding's Slab			Total Shares Held
444	1	to	100	9,212
150	101	to	500	56,891
109	501	to	1000	99,965
143	1001	to	5000	392,004
21	5001	to	10000	159,140
16	10001	to	15000	207,225
10	15001	to	20000	178,001
10	20001	to	25000	235,250
6	25001	to	30000	172,800
1	30001	to	35000	35,000
3	40001	to	45000	126,575
1	45001	to	50000	50,000
3	50001	to	55000	158,300
1	55001	to	60000	60,000
1	65001	to	70000	68,450
1	70001	to	75000	73,000
1	75001	to	70000	77,125
2	80001	to	85000	166,205
1	100001	to	105000	100,750
1	110001	to	115000	114,950
1	120001	to	125000	123,500
1	135001	to	140000	136,200
1	215001	to	220000	219,950
1	245001	to	250000	246,425
1	335001	to	340000	336,750
1	88195001	to	88200000	88,196,712
931				91,800,000

Pattern of Shareholding

As of June 30, 2021

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
Directors And Their Spouse(S) And Minor Children					
1	817	ZUBAIR PALWALA	1	500	0.00
2	818	SYED NADEEM AHMED	1	4,250	0.00
3	843	MR. MONIS ABDULLAH	1	4,250	0.00
4	03277-39675	MUNIS ABDULLA	1	114,950	0.13
5	01826-102244	HASAN TARIQ KHAN	1	83,200	0.09
6	03277-93293	ZUBAIR RAZZAK PALWALA	1	8,700	0.01
7	05116-25660	SYED QAISER ABBAS NAQVI	1	2,250	0.00
8	06122-104240	TAYYABA RASHEED	1	500	0.00
			8	218,600	0.24

Associated Companies, undertakings and related parties

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1	01826-88492	International Brands Limited	1	3,750	0.00%
2	03277-2937	International Brands Ltd.	1	88,196,712	96.07%
3	03277-12714	Shakila Rashid	1	12,325	0.01%
			3	88,212,787	96.09%

Executives

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1	854	Shariq Ahmed	1	142	0.00%
			1	142	0.00%

NIT and ICP

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1	00083-36	IDBL (ICP Unit)	1	1,650	0.00%
			1	1,650	0.00%

Banks, DFIs, NBFCs, insurance companies, takaful, modarbas, pension funds

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1	03889-28	National Bank Of Pakistan	1	4	0.00%
			1	4	0.00%

Insurance Companies

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1		NIL			-

Pattern of Shareholding

As of June 30, 2021

Modarabas and Mutial Funds

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1	03277-1651	First UDL Modaraba	1	219,570	0.24%
			1	219,570	0.24%

Foreign Companies

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1		NIL			-
					-

Others

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1	812	NAEEM'S SECURITIES (PVT) LTD.		17,000	0.02
2	03277-78335	TRUSTEE NATIONAL BANK OF PAK EMP PENSION FUND		733	0.00
3	03277-82127	TRUSTEE NATIONAL BANK OF PAK EMP BENEVOLENT FUND TRUST		26	0.00
4	03525-87235	MAPLE LEAF CAPITAL LIMITED		1	0.00
5	04341-3265	RAO SYSTEMS (PVT.) LTD.		1,500	0.00
6	05736-15	NCC - PRE SETTLEMENT DELIVERY ACC		83,005	0.09
7	10470-29	GPH SECURITIES (PVT.) LTD.		5,000	0.01
8	16857-26	MRA SECURITIES LIMITED - MF		3,000	0.00
			8	110,265	0.12%

General Public Foreign

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1	06452-25768	Faizan Kamran Khan	1	30,000	0.03%
			1	30,000	0.00%

General Public Local

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
			907	3,006,982	3.28%
			907	3,006,982	3.28%

FORM OF PROXY

Company Secretary

UNITED BRANDS LIMITED

2nd, One IBL Centre,
Block No. 7 & 8, DMMCHS,
Shahrah-e-Faisal, Karachi.

Please quote:

No. of shares held. _____

Folio No. _____


I/We, _____ of _____, holding Computerized National Identity Card (CNIC)/Passport No. _____ and being a member of **UNITED BRANDS LIMITED**, hereby appoint _____ of _____, holding CNIC/Passport No. _____, or failing him/her hereby appoint _____ of _____, holding CNIC/Passport No. _____, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Thursday, October 28, 2021 at 02:30 pm and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2021

Signed by the Said _____ in the presence of _____

Witnesses:

1. Signature _____
Name _____
Address _____
CNIC/Passport No. _____
2. Signature _____
Name _____
Address _____
CNIC/Passport No. _____



Signature

Rupee five
revenue
stamp

Notes:

- Proxies, in order to be effective, must be received at the Company's Registered Office or Shares Registrar not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.
- CDC shareholders and their proxies are requested to attach an attested photocopy of their CNIC or Passport with this proxy form before submission to the Company.

پراکسی فارم

جناب کمپنی سیکریٹری
یونائیٹڈ برانڈز لمیٹڈ
سیکنڈ فلور، ون آئی بی ایل سینٹر، شاہراہ فیصل، کراچی۔

مختار نامہ

میں / ہم _____ کی جانب سے _____ بحیثیت یونائیٹڈ برانڈز لمیٹڈ کے ممبران
اور _____ عام حصص اندراج فولیو نمبر _____ اور سب اکاؤنٹ نمبر _____
اپنی طرف سے _____ کو بطور پراکسی نامزد کرتے ہیں، یہ میری / ہماری جانب سے ون آئی بی ایل سینٹر، شاہراہ فیصل کراچی میں
بروز جمعرات مورخہ 28 اکتوبر 2021 کو بوقت 2:30 بجے دوپہر منعقدہ کمپنی کے سالانہ اجلاس عام میں ووٹ دینے کے مجاز ہیں۔

لہذا گواہان کی موجودگی میں، میں / ہم نے مورخہ _____ 2021 کو اپنے دستخط کر دیئے ہیں۔

ریونیو اسٹیٹمپ


دستخط

ا۔ دستخط

نام:

پتہ:

شناختی کارڈ / پاسپورٹ نمبر:

(دستخط نامزد کنندہ کے رجسٹرڈ دستخط سے مماثل ہونے چاہئے)

نوٹس








- ☆ کمپنی کا ممبر مینٹنگ میں حاضر ہونے اور ووٹ دینے کا اختیار کسی دوسرے کو بطور پراکسی دے سکتا ہے۔ مکمل پر ہوئے پراکسی فارم مینٹنگ شروع ہونے سے 48 گھنٹے پہلے تک کمپنی کے رجسٹرڈ آفس یا شیئرز رجسٹرار کو موصول ہو جانے چاہئے۔
- ☆ اجلاس میں شرکت اور ووٹ دینے کے مستحق سی ڈی سی حصص داران اپنی شناخت کے لئے اپنا اصل کمپیوٹر انز قومی شناختی کارڈ / پاسپورٹ مہیا کریں اور پراکسی کی صورت میں اپنے کمپیوٹر انز قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی لازمی منسلک کریں۔



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