

The tax rates enacted at the balance sheet date are used to determine deferred income tax.

### **3.8 Trade and other payable**

Short term liabilities for trade and other payables are carried at cost.

### **3.9 Property, plant & equipments**

#### **Owned:**

Property, plant & equipments are stated at cost less accumulated depreciation, except land and capital work-in-progress which are stated at cost.

#### **Depreciation Policy**

Depreciation on operating assets is charged to income applying the reducing balance method at the rates specified in note 4.1 to the financial statements.

Depreciation on additions is charged from the month in which the assets become available for use, while on disposal depreciation is charged up to the month of disposal.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and replacements are capitalized and the assets so replaced, if any, are retired.

Gain or loss on sale or retirement of assets is included in income currently.

#### **3.9.1 Impairment**

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment loss. Any impairment loss arising is recognized as expense in the profit and loss account.

#### **3.10 Stores, spares and loose tools**

These are valued at moving average cost less provision for obsolescence. Goods in transit at the balance sheet date are valued at invoice value plus other charges paid thereon.

#### **3.11 Stock-in-trade**

These are valued at lower of average cost and net realizable value. Physical quantities of cement and clinker stocks are based on volumetric measurement carried out by the technical experts of the company. Costs in relation to finished goods and work-in-process include prime cost and appropriate proportion of production overheads.

Net realizable value signifies the selling price less the estimated cost of completion and costs necessarily to be incurred in order to make the sale.

#### **3.12 Trade debts**

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of full amount is no longer probable. Bad debts are written off as incurred.

#### **3.13 Loans, advances and other receivables**

Loans, advances and other receivables are recognized initially at cost and subsequently measured at amortized cost.

#### **3.14 Short term and long term loans**

Loans and other receivable are recognized initially at cost and subsequently at their amortized / residual cost.

#### **3.15 Cash and bank balances**

Cash in hand and at banks are carried at nominal amounts.

#### **3.16 Foreign currency translation**

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak rupees at the exchange rates prevailing on the balance sheet date except where forward exchange rates are booked, which are translated at the contracted rates.

**3.17 Provisions**

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, 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 obligation.

**3.18 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances, net of short term borrowings.

**3.19 Transaction with related parties**

Transactions with related parties are based on the policy that all the transactions between the Company and related parties are carried out at arm 's length. Prices for these transactions are determined on the basis of comparable uncontrolled price method, except for the pricing policy as disclosed in note 36, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to seller.

**3.20 Financial instruments**

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently.

Financial instruments carried on the balance sheet include receivables, cash and bank balances, creditors, borrowings, trade and other payables,. The particular recognition method adopted is disclosed in the individual policy statements associated with each item.

**3.21 Off setting of financial assets and liabilities**

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

**3.22 Revenue recognition**

Sales are recorded on passage of title to the customers which generally coincides with dispatch of goods to customers.

Profit on bank deposits, interest income and other revenues are accounted for on accrual basis.

**3.23 Borrowing costs**

Borrowings costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of cost of the relevant asset.





Note		2014	2013
<b>5</b>	<b>LONG TERM DEPOSITS - UNSECURED</b>	<b>(all amounts in '000')</b>	
	Non interest bearing (Note 5.1)	7,575	7,575
	<b>Total Long Term Deposits - Unsecured</b>	<b>7,575</b>	<b>7,575</b>
<b>5.1</b>	This mainly includes Security deposit tariff (B-4) amounting Rs. 4.975 million paid to Custom authorities against import of machinery and Rs. 2.382 million deposited with Karachi Electric Supply Corporation Limited against supply of electricity to Slag Division.		
<b>6</b>	<b>STORES, SPARES AND LOOSE TOOLS</b>		
	Stores	76,801	71,960
	Spare	115,247	115,052
	Loose Tools	628	628
		192,676	187,640
	Less: Provision for slow moving stores, spares and loose tools	(80,550)	(80,550)
	<b>Total Stores, Spares And Loose Tools</b>	<b>112,126</b>	<b>107,091</b>
<b>7</b>	<b>STOCK-IN-TRADE</b>		
	Raw and packing material	150,181	158,954
	Work-in-process	1,550	-
	Finished goods	4,069	13,851
		155,800	172,805
	Less: Provision for obsolete stock	(140,710)	(140,710)
	<b>Total Stock-In-Trade</b>	<b>15,090</b>	<b>32,095</b>
<b>8</b>	<b>TRADE DEBTS</b>		
	Considered good (Note 8.1)	55,048	10,000
	Considered doubtful	352,638	352,638
		407,686	362,638
	Less: Provision for doubtful debts	(352,638)	(352,638)
	<b>Total Trade Debts</b>	<b>55,048</b>	<b>10,000</b>
<b>8.1</b>	Trade debts includes Rs. 13,624 Million due from Sardar Muhammad Ashraf D. Baluch (Private) Limited (2013: Rs. 1.179 Million)		
<b>9</b>	<b>LOANS AND ADVANCES - UNSECURED</b>		
	<b>Loan - Interest free</b>		
	Loan - Considered doubtful	815	1,043
	Less: Provision for doubtful loan	(815)	(815)
		-	228
	<b>Advances - considered good</b>		
	To employees	8,235	1,682
	To suppliers and contractors	32,410	84,471
		40,645	86,153
	<b>Advances - considered doubtful</b>		
	To employees	5,496	5,744
	To suppliers and contractors	25,027	22,139
		30,523	27,883
	Less: Provision for doubtful advances	(30,523)	(27,883)
	<b>Total Loans And Advances - Unsecured</b>	<b>40,645</b>	<b>86,381</b>

Note		2014	2013
10	<b>TRADE DEPOSITS AND PREPAYMENTS</b>	(all amounts in '000')	
	Other deposits	15,783	15,783
	Octroi deposits	2,461	2,461
		18,244	18,244
	Provision for doubtful deposit	(2,461)	(2,461)
	<b>Total Trade Deposits and Prepayments</b>	<b>15,783</b>	<b>15,783</b>
11	<b>OTHER RECEIVABLES</b>		
	<b>Considered good</b>		
	Due from inter divisions	82,764	82,764
	Others	3,073	3,154
		85,837	85,918
	<b>Considered doubtful</b>		
	Receivable from employees union against electricity expenses	27,818	27,818
	Provision for doubtful receivables	(27,818)	(27,818)
		-	-
	Due from SCCP and other cement units	3,323	3,323
	Letter of Credit	53,076	53,076
		56,399	56,399
	Less: Provision for doubtful receivables	(56,399)	(56,399)
		-	-
	Other receivables	7,219	7,219
	Less: Provision for doubtful receivables	(7,219)	(7,219)
		-	-
	<b>Total Other Receivables</b>	<b>85,837</b>	<b>85,918</b>
12	<b>TAXES RECOVERABLE</b>		
	Advance income tax	37,263	25,385
	Sales Tax recoverable	49,886	49,526
	Central excise duty	1,563	888
	<b>Total Taxes Recoverable</b>	<b>88,712</b>	<b>75,799</b>
13	<b>CASH AND BANK BALANCES</b>		
	Cash in hand	451	155
	Cash at banks:		
	Current accounts	5,579	6,210
	Dividend account	-	228
	<b>Total Cash and Bank Balances</b>	<b>6,030</b>	<b>6,594</b>

Note	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	2014	2013
14		(all amounts in '000')	
	2,400,000 (2013: 2,400,000) Ordinary shares of Rs. 10/- each fully paid in cash	24,000	24,000
	1,956,000 (2013: 1,956,000) Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	19,560	19,560
	4,356,000 (2013: 4,356,000) Ordinary shares of Rs. 10/- each fully paid in cash	43,560	43,560
	161,288,000 (2013: 161,288,000) Ordinary shares of Rs. 10/- paid in cash, issued at discount of Rs. 6/- per share	1,612,880	1,612,880
	5,242,608 (2013: 5,242,608) Ordinary shares of Rs. 10/- issued to PSCIL on merger	52,426	52,426
	226,340,000 (2013: 226,340,000) Ordinary shares of Rs. 10/- issued to RCPL on merger	2,263,400	2,263,400
	26,255,918 (2013: 26,255,918) Ordinary shares of Rs. 10/- issued to ZPIL on merger	262,559	262,559
	<b>Total Issued, Subscribed and Paid-Up Capital</b>	<b>4,278,385</b>	<b>4,278,385</b>
<b>14.1</b>	In the year 2007-2008, under the Scheme of merger of PSCIL, RCPL and ZPIL with and into ZPCFL as approved by the High Court of Sindh, ZPCFL has to issue 5,242,608 shares of Rs. 10/- each in exchange for 26,213,041 shares of Rs. 10/- each of PSCIL, 226,340,000 shares of Rs. 10/- each in exchange for 45,268,000 shares of Rs. 10/- each of RCPL and 26,255,918 shares of Rs. 10/- each in exchange for 1,009,843 shares of Rs. 10/- each of ZPIL. The corporate formalities in respect of issue of shares in the name of RCPL, PSCIL and ZPIL were yet to be completed and the shares were not transferred to the shareholders of RCPL, PSCIL and ZPIL on June 30, 2014.		
<b>14.2</b>	At June 30, 2014, M/s. Sardar Muhammad Ashraf D. Baluch (Private) Limited (Holding Company) held 66,628,062 (2013: 66,628,062) Ordinary Shares of Rs. 10/- each		
Note	<b>CAPITAL RESERVE</b>		
15			
	<b>Tax holiday</b>		
	-- Third Kiln	1,007	1,007
	-- Fourth Kiln	9,897	9,897
	<b>Total Capital Reserve</b>	<b>10,904</b>	<b>10,904</b>
<b>15.1</b>	Capital reserve represents reserves created under Section 15(BB) of the Income Tax Act, 1922.		
Note	<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		
16			
	Surplus on revaluation of property, plant & equipments	1,128,442	1,163,018
	Transferred to accumulated loss in respect of incremental depreciation charged during the year - net of deferred tax	(27,945)	(34,576)
	<b>Total Surplus On Revaluation Of Property, Plant And Equipment</b>	<b>1,100,497</b>	<b>1,128,442</b>
	The revaluation of the property, plant and equipments of ZPCFL was carried out on September 02, 2003 by independent valuer M/s. Anjum Adil & Associates, Consulting Architects, Interior Designers, Engineers, Planners & Estate Valuers using market value being the basis for revaluation. The surplus arising from revaluation is Rs. 1,167.338 million.		

	The revaluation of the property, plant and equipments of Slag Division was carried out on March 22, 2007 by independent valuer M/s. Maricon Consultants (Pvt) Limited, Consultants, Engineers & Valuators using market value being the basis for revaluation. The surplus arising from revaluation is Rs.260.492 million.			
	The revaluation of the property, plant and equipments of Rohri Division was carried out on December 22, 2006 by independent valuer M/s. Maricon Consultants (Pvt) Limited, Consultants, Engineers & Valuators using market value being the basis for revaluation. The surplus arising from revaluation is Rs.448.775 million.			
	Particulars	W.D.V. of assets before revaluation	Revalued Amount	Revaluation Surplus
	Free hold land	44,320	652,473	608,153
	Land (Leasehold)	6,722	111,851	105,129
	Building on free & lease hold land	91,943	357,690	265,747
	Roads and railway siding	102	1,046	944
	Plant & machinery	609,614	1,506,246	896,632
		752,701	2,629,306	1,876,605
	The closing balance of surplus on revaluation of Property, plant and equipment is not available for distribution to shareholders.			
Note			2014	2013
17	LONG TERM DEPOSITS		(all amounts in '000')	
	From cement stockists (Note 17.1)		4,416	4,416
	Others - Interest free		2,148	2,148
	Total Long Term Deposits		6,564	6,564
<b>17.1</b>	This represents interest free security deposit from cement stockists and are repayable on cancellation or withdrawal of the dealership.			
Note			2014	2013
18	LONG TERM FINANCING			
	Supplier Credit - secured (Note 18.1)		30,000	30,000
	Other financing - unsecured (Related Party) (Note 18.2)		42,428	29,032
	Subordinated Loan (Related Party) (Note 18.3)		15,000	15,000
	M/s. Sardar Mohammad Ashraf D. Baloch (Related Party) (Note 18.4)		997,358	953,877
	Deedar Ali jatoi (Note 18.5)		79,175	79,175
	Total Long Term Financing		1,163,961	1,107,085
<b>18.1</b>	Slag Division has previously purchased a cement plant under supplier's credit scheme from M/s. M. J. Corporation. The plant has a value of Rs. 30.000 million. The credit is secured against first charge on the plant supplied. The credit carries a mark up rate of 10% per annum (2013: 10% per annum). On request of the company, the supplier has agreed to defer the repayment of credit till December 31, 2015. According to the revised repayment schedule credit is now repayable in 16 equal quarterly installments of Rs.1.875 million commencing from January 31, 2016.			
<b>18.2</b>	This represents interest free, unsecured financing from M/s. Sardar Muhammad Ashraf D. Baluch (Private) Limited (SMADB) to Slag Division repayable after December, 2016.			



<b>18.3</b>	This represents amount payable to M/s Sardar Mohammad Ashraf D. Baluch (Pvt.) Ltd. on account of purchase of the Grate Cooler with the capacity 5000tbd for Papersack Division. The property has value of Rs 649 million. This is interest free and unsecured and shall be treated as subordinated to the principal amounts of the long term debt owing to the creditors of the Company from time to time and to all debts of the Company from time to time owing to the banks and financial institutions and accordingly may only be repaid by the Company in whole or in part provided that upon such repayment, the Company shall comply with the debt equity ratio requirements of the Prudential Regulations of State Bank of Pakistan as applicable to the Company for the time being.
<b>18.4</b>	Papersack division has previously availed financing facility from M/s. Sardar Mohammad Ashraf D. Baloach (Private) Limited. The loan is interest free unsecured and repayable on availability of funds.
<b>18.5</b>	This represents interest free loan received from Deedar Ali Jatoi to Rohri Division and is payable on availability of funds.

Note		2014	2013
<b>19</b>	<b>DEFERRED AND OTHER LIABILITIES</b>	<b>(all amounts in '000')</b>	
	Deferred taxation (Note 19.1)	-	-
	Employees retirement benefits (Note 19.2)	16,305	13,720
	<b>Total Deferred And Other Liabilities</b>	<b>16,305</b>	<b>13,720</b>
<b>19.1</b>	<b>Deferred Taxation</b>		
	<b>Deferred tax liability arising due to:</b>		
	Accelerated tax depreciation	212,199	(162,134)
	Revaluation, net off related depreciation	510,243	525,291
	<b>Deferred tax asset arising due to:</b>		
	Carried forward tax losses	(889,993)	(790,896)
	Staff gratuity and other provisions	(5,707)	(248,574)
		<b>(173,258)</b>	<b>(676,313)</b>
	Differed tax assets not provided	173,258	676,313
	<b>Deferred Taxation</b>	<b>-</b>	<b>-</b>
<b>19.2</b>	<b>Employees Retirements Benefits</b>		
	<b>Employees gratuity:</b>		
	Movement in balance		
	Opening balance	13,721	13,730
	Less: Payment made	-	-
		13,721	13,730
	Provision for the year (Note 19.3)	2,584	(9)
	<b>Employees Retirements Benefits (Note 19.4)</b>	<b>16,305</b>	<b>13,721</b>
<b>19.3</b>	<b>Charge for the year</b>		
	Current Service Cost	1,436	1,261
	Interest cost	1,148	1,302
	Curtailement and settlement	-	(2,185)
	Benefits paid during the year	-	-
	Actuarial(Gains)/Losses Charge	-	(387)
	<b>Charge For The Year (Note 19.5)</b>	<b>2,584</b>	<b>(9)</b>

<b>19.4</b>	<b>Balance sheet reconciliation</b>		
	Present value of defined benefit obligations	14,440	10,932
	Unrecognized transitional liability	-	-
	Unrecognized actuarial gain	1,865	2,789
	<b>Balance Sheet Reconciliation</b>	<b>16,305</b>	<b>13,721</b>
<b>19.5</b>	<b>Allocation of charge for the year</b>		
	Cost of sales	2,248	(2,064)
	Distribution cost	-	655
	Administrative Expenses	336	1,400
	<b>Allocation Of Charge For The Year</b>	<b>2,584</b>	<b>(9)</b>
<b>19.6</b>	<b>Principal Actuarial Assumption</b>		
	Expected rate of increase in salaries per annum (p.a)	7% p.a	9.5% p.a
	Discount factor used (p.a)	8% p.a	10.5% p.a
	Average expected remaining working life time of employees	8 years	8 years
<b>Note 20</b>	<b>TRADE AND OTHER PAYABLE</b>		
	Trade creditors	765,661	856,738
	Accrued expenses	68,332	93,768
	Royalty and excise duty on lime stone	4,780	5,078
	Due to related parties (Note 20.1)	1,736,557	950,286
	Advances from customers (Note 20.1)	487,574	373,613
	Unclaimed dividend	1,798	1,798
	Sales tax payable	1,688	-
	Excise duty payable	14,105	3,000
	Income tax deducted at source	3,641	3,445
	Workers profit participation fund (Note 20.2)	8,393	7,701
	Others	1,435	982
	<b>Total Trade And Other Payable</b>	<b>3,093,964</b>	<b>2,296,409</b>
<b>20.1</b>	This relates to the amount due to the following related parties:		
	Sardar Muhammad Ashraf D. Baluch (Private) Limited	1,736,557	950,286
	Customer advance - SMADB (Pvt) Ltd	487,574	373,613
		<b>2,224,131</b>	<b>1,323,899</b>
<b>20.2</b>	<b>Workers' profit participation fund</b>		
	Opening Balance	7,701	7,003
	Interest on WPPF	692	698
		<b>8,393</b>	<b>7,701</b>
	The Company retains workers profit participation fund for its business operations. Interest is allocated @ 10% (2013: 10%).		

Note		2014	2013
21	<b>SHORT TERM BORROWING</b>	(all amounts in '000')	
	<b>From Bank - Secured</b>		
	Short term running finances (Note 21.1)	-	196,890
	Bank overdraft - unsecured	779	586
	<b>Total Short Term Borrowing</b>	<b>779</b>	<b>197,476</b>
<b>21.1</b>	In previous years, ZPCFL had short-term running finance facility from The Bank of Punjab. The facilities carried markup @ 3 months KIBOR plus 3.50%. These finances were secured by first Pari - Passu charge on fixed assets of the company (Land and Building) for Rs. 602.27 million and by ranking first pari-passu charge on plant and machinery / stocks for Rs. 587.187 million, registered charge on present and future assets of the company and personal guarantees of all directors and corporate guarantee of M/S SMADB (PVT) Limited.		
Note	<b>CONTINGENCIES AND COMMITMENTS</b>		
22			
<b>22.1</b>	<b>Contingencies</b>		
a)	Contingent liabilities of ZPCFL in respect of claims not acknowledged as debts amounted to Rs. 6.805 million (2013: Rs. 6.805 million) representing claims by Sui Southern Gas Limited relating to supply of gas as the same is under litigation.		
b)	There are certain civil court cases against ZPCFL which are pending in the court. The financial implication of these cases are approximate to Rs. 56.834 million.		
c)	Sui Southern Gas company has filed a Civil Suit against RCPL for recovery of Rs. 26.164 million against various Sui Gas bills before the Court of IInd senior Civil Judge Sukkur. The suit was decreed on 23-08-2010 by the learned IInd Senior Civil Judge, Sukkur in favour of Sui Southern Gas Company Ltd . being aggrieved and dissatisfied by the judgment and decree dated 23-08-2010. RCPL filed an appeal before the District and Session Judge, Sukkur on 6-10-2010 which is pending for hearing.		
d)	There are number of cases pending against the company with various courts in the Province of Sindh for the disputed land of the factories . The company has filed nos of appeals, suits and petitions in the civil courts for the judgments passed against the company. All such matters are still pending before the court of law for ultimate decisions. The financial implication of these cases are uncertain.		
e)	The Karachi Stock Exchange (Guarantee) Limited as per letter No.KSE/N-3809 Dated July 13, 2009, has received copy of a notice dated July 13, 2009 from Central Depository Company of Pakistan Ltd.(CDC) notifying that pursuant to the order dated: July 09,2009 of the Honorable Court of Sindh at Karachi suit No.970 of 2009 titled "Syed Shoaib Khursheed Vs .Al-Mal Securities & Services Limited and others"issued on July 10,2009 and received on July 11,2009, the CDC has in order to comply with the aforesaid court order, imposed restriction on the shares of Zeal Pak Cement Factory Limited with effect from start of day on Monday July 13,2009 whereby no activity as to transfer ,pledging, withdrawal etc.in the said shares shall be allowed in the Central Depository System (CDS) till further order Ultimate outcome of the suit is still unknown.		
<b>22.2</b>	<b>Commitments</b>		
	Commitments relating to Letters of Guarantees are Rs. 20 million (2013: Rs. 20 million).		

Note	Sales - Net	2014	2013
23		(all amounts in '000')	
	<b>Gross Sales</b>		
	- Cement	339,249	-
	- Pure Slag	104,024	22,606
	- Bags and bricks	24,562	35,269
		<b>467,835</b>	<b>57,875</b>
	<b>Less:</b>		
	- Excise duty	(19,444)	-
	- Sales tax	(67,497)	(3,131)
		<b>(86,941)</b>	<b>(3,131)</b>
	<b>Total Sales - Net</b>	<b>380,894</b>	<b>54,744</b>
Note	COST OF SALES		
24			
	<b>Raw &amp; Packing Material Consumed</b>		
	Opening stock (Note 24.1)	157,775	2,595
	Purchases including expenses	223,861	50,164
		381,636	52,759
	Closing stock	(147,975)	(1,571)
		<b>233,661</b>	<b>51,188</b>
	Stores, spares and tools consumed	35,611	146
	Fuel & power	287,383	13,137
	Salaries, wages & other benefits	58,624	5,082
	Repair and Maintenance	5,165	477
	Depreciation (Note 4.3)	66,070	6,465
	Other expenses	16,405	803
		<b>469,258</b>	<b>26,109</b>
		<b>702,919</b>	<b>77,297</b>
	<b>Work-in-Process</b>		
	Opening	-	-
	Closing	(1,550)	-
		<b>(1,550)</b>	<b>-</b>
	<b>Finished Goods</b>		
	Opening (Note 24.2)	4,302	1,659
	Closing	(4,069)	(67)
		233	1,592
	<b>Total Cost of Sales</b>	<b>701,602</b>	<b>78,889</b>
<b>24.1</b>	<b>Opening stock - Raw &amp; Packing Material</b>		
	Raw & Packing Material	1,571	2,595
	Raw & Packing Material - Trading activity (Note 28.2)	156,204	-
		<b>157,775</b>	<b>2,595</b>
<b>24.2</b>	<b>Opening stock - Finished Goods</b>		
	Finished Goods	67	1,659
	Finished Goods - Trading activity (Note 28.2)	4,235	-
		<b>4,302</b>	<b>1,659</b>