

**Audited
Financial Statements
of
M/s AFGHAN RED
POMEGRANATE
For the period from
August 01, 2022 to July 31, 2023**



AHMAD MASOOD & Co.
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT ON GENERAL PURPOSE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **M/s AFGHAN RED POMEGRANATE** (the Company), which comprise the statement of financial position as at July 31, 2023, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the company for the year ended July 31, 2023 are prepared, in all material respects, in accordance with the basis of accounting described in note 3 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 ethical requirements that are relevant to our audit of the financial statements in Afghanistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Ownership of assets

We draw attention to Note 4.1 to the financial statements, which states that the ownership of certain assets is in the name of the owner of the company. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting described in note 3 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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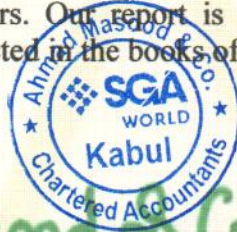


Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In view of the size and organization of the company, system of internal control is dependent upon the close involvement of owners. Our report is based on assurance of owners that all the company transactions have been reflected in the books of accounts.



Ahmad Masood & Co.

Ahmad Masood & Co.,
Chartered Accountants
Kabul, Afghanistan
Date: September 07, 2023

M/s AFGHAN RED POMEGRANATE

Statement of Financial Position

As at July 31, 2023

	Note	2023 USD	2022 USD
ASSETS			
NON CURRENT ASSETS			
Property, plant & equipment	4	2,361,971	2,454,683
CURRENT ASSETS			
Stock in trade	5	972,249	755,260
Trade & other receivables	6	115,541	57,020
Cash and bank balances	7	798,600	375,554
		1,886,390	1,187,834
TOTAL ASSETS		4,248,362	3,642,517
EQUITY AND LIABILITIES			
OWNER'S EQUITY			
		4,041,512	3,501,645
CURRENT LIABILITIES			
Trade & other payables	8	-	-
Short term financing	9	3,352	72,340
Provision for taxation	10	203,498	68,531
		206,850	140,871
CONTINGENCIES AND COMMITMENTS	11	-	-
TOTAL EQUITY AND LIABILITIES		4,248,362	3,642,517

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

President

Vice President

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M/s AFGHAN RED POMEGRANATE
Statement of Comprehensive Income
For the year ended July 31, 2023

	<u>Note</u>	<u>2023</u> <u>USD</u>	<u>2022</u> <u>USD</u>
Sales	12	2,044,049	1,618,340
Cost of sales	13	(1,249,687)	(1,173,633)
Gross profit		<u>794,362</u>	<u>444,707</u>
Operating cost			
Administrative and operating expenses	14	(119,528)	(101,892)
Financial cost	15	-	(160)
		<u>(119,528)</u>	<u>(102,052)</u>
Operating profit		<u>674,834</u>	<u>342,655</u>
Less: Provision for taxation @ 20%		<u>(134,967)</u>	<u>(68,531)</u>
Profit after taxation		<u>539,867</u>	<u>274,124</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>539,867</u></u>	<u><u>274,124</u></u>

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

President

Vice President

M/s AFGHAN RED POMEGRANATE
Statement of Cash Flows
For the year ended July 31, 2023

	2023	2022
	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	674,834	342,655
Adjustment of non cash items:		
Add: Depreciation	92,711	97,595
Net profit before working capital changes	<u>767,545</u>	<u>440,250</u>
Working Capital changes		
(Increase)/decrease in stock in trade	(216,989)	(755,260)
(Increase)/decrease in trade receivables	(58,521)	(57,020)
Increase/(decrease) in payables & other payables	-	-
Net working capital changes	<u>(275,510)</u>	<u>(812,280)</u>
Income tax	-	-
Net cash outflow from operating activities	<u>492,035</u>	<u>(372,030)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	-
Net cash outflow from investing activities	<u>-</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Capital introduced	-	-
Short term facility	(68,988)	72,340
Drawings	-	-
Net cash inflow from financing activities	<u>(68,988)</u>	<u>72,340</u>
NET CASH FLOWS	<u>423,047</u>	<u>(299,689)</u>
CASH & CASH EQUIVALENT AT THE START OF YEAR	375,554	675,243
CASH & CASH EQUIVALENT AT THE END OF THE YEAR	<u>798,600</u>	<u>375,554</u>

President

Vice President

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M/s AFGHAN RED POMEGRANATE
Statement of Changes in Equity
For the year ended July 31, 2023

	Capital	Accumulated Profits	Partner's Equity
	<i>All figures in USD</i>		
Balance as at August 01, 2021	<u>100,000</u>	<u>3,127,521</u>	<u>3,227,521</u>
Profit for the year	-	274,124	274,124
Drawings	-	-	-
Balance as at July 31, 2022	<u>100,000</u>	<u>3,401,645</u>	<u>3,501,645</u>
Profit for the year	-	539,867	539,867
Drawings	-	-	-
Balance as at July 31, 2023	<u>100,000</u>	<u>3,941,512</u>	<u>4,041,512</u>

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President

Vice President

M/s AFGHAN RED POMEGRANATE
Notes to the Financial Statements
For the year ended July 31, 2023

1. STATUS AND NATURE OF BUSINESS

The Company is registered with Ministry of Commerce Government of Afghanistan through License No. D-04-1701. Company's registered office is situated at Khura Andam Park Sanyati, Capital of Kandahar, Kandahar Afghanistan. The company is currently involved in producing juice with in the country.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting policies described below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.2 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any, except land that has been stated at cost. Cost comprises acquisition and other directly attributable costs. The asset is capitalized on the basis of probability of future economic benefit and the reliability of the cost. Some fixed assets has been purchased by the owners of the Company but has been recognized in the accounts because economic benefits is being utilized by the Company in the present and probably in the future by considering the intention of the owners.

These are stated at cost less accumulated depreciation. Depreciation on assets is calculated by applying the declining balance method at the rates specified in Note 4 to write off the cost of assets over their estimated useful lives. Full year's depreciation is charged in the year of addition while no depreciation is charged in the year of disposal.

Maintenance and normal repairs are charged to income as and when incurred; major renewals and improvements are capitalized. Gains or losses on disposal or retirement of fixed assets, if any are taken to the profit and loss account for the year.

The Company reviews the useful life and residual value of property, plant & equipment on regular basis. Any change in estimate in future years might effect the carrying value of the asset along with the depreciation value.

3.3 Impairment

The carrying amounts of assets are reviewed at each balance sheet date for impairment, whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account.

3.4 Trade debts

Receivables are measured at original invoice amount less an estimate made for doubtful receivable, if any, based on review of all outstanding amounts at the year end. Bad debts are written off when identified.

3.5 Related party transactions

All transactions with the related parties, if any, are at arm's length price measured under both Comparable Uncontrolled Price and Cost Plus Methods, wherever appropriate.

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M/s AFGHAN RED POMEGRANATE

Notes to the Financial Statements

For the year ended July 31, 2023

3.6 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

3.7 Revenue recognition

Sales revenue are recognized when goods are sold and the significant risks and rewards regarding ownership are transferred to the customer. Revenue from sales is measured at fair value of the consideration received or receivable, net of returns and trade discounts, if any.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at banks. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

3.9 Loans and Borrowings

Loans and borrowings are initially recognized at the proceeds received, subsequent to initial recognition, these are stated at amortized cost.

3.10 Financial instruments

Financial assets and liabilities are classified and stated at values determined according to substance of contractual arrangements. Financial instruments include receivables, cash and bank balances, creditors and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.11 Borrowing cost

Mark up, interest and other charges on borrowing are recognized as an expense in the period in which it is incurred.

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M/s AFGHAN RED POMEGRANATE

Notes to the Financial Statements

For the year ended July 31, 2023

4. PROPERTY, PLANT AND EQUIPMENT

	Land & Building	Machinery	Furniture & fixture	Office equipment	Computer accessories	Vehicles	Total
Amount in USD							
Cost							
As at August 01, 2021	1,202,240	1,500,000	6,500	15,600	3,500	50,550	2,778,390
Addition during the Period	-	-	-	-	-	-	-
Deletion during the Period	-	-	-	-	-	-	-
As at July 31, 2022	1,202,240	1,500,000	6,500	15,600	3,500	50,550	2,778,390
Addition during the Period	-	-	-	-	-	-	-
Deletion during the Period	-	-	-	-	-	-	-
As at July 31, 2023	1,202,240	1,500,000	6,500	15,600	3,500	50,550	2,778,390
Accumulated Depreciation							
As at August 01, 2021	34,526	175,000	1,653	4,641	435	9,857	226,112
Addition during the Period	23,354	66,250	485	1,096	307	6,104	97,595
Deletion during the Period	-	-	-	-	-	-	-
As at July 31, 2022	57,880	241,250	2,138	5,737	742	15,961	323,707
Addition during the Period	22,887	62,938	436	986	276	5,188	92,711
Deletion during the Period	-	-	-	-	-	-	-
As at July 31, 2023	80,767	304,188	2,574	6,723	1,017	21,149	416,419
WDV as at July 31, 2023	1,121,473	1,195,813	3,926	8,877	2,483	29,401	2,361,971
WDV as at July 31, 2022	1,144,360	1,258,750	4,362	9,863	2,759	34,589	2,454,683
Depreciation Rate %	2	5	10	10	10	15	

4.1 The vehicles are in the name of owners' of the company, used for business purposes .

4.2 Apportionment of depreciation expense

Depreciation charged to cost of services
 Depreciation charged to general and administrative expenses
Total

	2023 USD	2022 USD
Depreciation charged to cost of services	74,169	78,076
Depreciation charged to general and administrative expenses	18,542	19,519
Total	92,711	97,595

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M/s AFGHAN RED POMEGRANATE
Notes to the Financial Statements
For the year ended July 31, 2023

	<u>Note</u>	<u>2023</u>	<u>2022</u>
		USD	USD
5 CLOSING STOCK			
Concentrate of (Pomegranate, Grapes and Apple)		304,823	235,612
Carton of (Juice and Energy)		293,465	143,941
Bottle of (Pomegranate, Mongo)		28,352	159,559
Raw materials		28,865	48,560
Others		316,744	167,588
		972,249	755,260
6 TRADE AND OTHER RECEIVABLES			
Abdul Rahman in Kabul		67,265	34,860
Noor Ahmad and Fazal Ahmad in Kandahar		48,276	22,160
		115,541	57,020
7 CASH AND CASH EQUIVALENTS			
Cash in hand (Belal Kabul bakhtar money service provider)		790,420	328,408
Cash at bank	7.1	8,180	47,146
		798,600	375,554
7.1 Cash at bank			
- Ghazanfar bank - USD - 3343		6,924	47,146
- Ghazanfar bank - AFN		1,256	-
		8,180	47,146
8 TRADE & OTHER PAYABLES			
There is no trade & other payable as at the balance sheet date.			
9 SHORT TERM FINANCE			
Short Term Finance (ADF)		3,352	72,340
		3,352	72,340
10 CONTINGENCIES & COMMITMENTS			
There is no contingencies and commitments of the company as on balance sheet date.			

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M/s AFGHAN RED POMEGRANATE

Notes to the Financial Statements

For the year ended July 31, 2023

	Note	2023	2022
		USD	USD
11 SALES			
- Concentrate of (Pomegranate, Grapes and Apple)		969,907	724,313
- Carton of (Juice and Energy)		753,675	720,678
- Bottle of (Pomegranate, Mongo)		320,467	173,349
		2,044,049	1,618,340
12 COST OF SALES			
Concentrate of (Pomegranate, Grapes and Apple)		661,865	476,510
Carton of (Juice and Energy)		376,543	249,123
Bottle of (Pomegranate, Mongo)		256,243	197,400
Others (Direct Labour)		97,856	42,541
Depreciation		74,169	78,076
		1,466,676	1,043,650
Add: Opening Stock		755,260	885,243
Less: Closing Stock		(972,249)	(755,260)
		1,249,687	1,173,633
13 GENERAL & ADMINISTRATIVE EXPENSES			
Salaries & wages		56,254	45,243
Travelling & conveyance		7,529	6,524
Printing & stationary		2,753	2,251
Repair & maintenance		7,951	6,725
Food & entertainment		5,712	4,253
Electricity		6,145	5,241
Communication		1,981	1,652
Vehicle fuel		8,764	7,243
Miscellaneous expenses		3,897	3,241
Depreciation		18,542	19,519
		119,528	101,892
14 FINANCIAL CHARGES			
Interest on overdraft		-	160
		-	160

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M/s AFGHAN RED POMEGRANATE

Notes to the Financial Statements

For the year ended July 31, 2023

15 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

15.1 FINANCIAL ASSETS AND LIABILITIES

2023	Mark - up / Interest bearing		Non mark - up / Non interest bearing		Total
	Maturity		Maturity		
	Within one year	One year to five years	Within one year	One year to five years	
	USD		USD		USD
Financial assets					
Trade & other receivables	-	-	972,249	-	972,249
Cash and cash equivalents	-	-	115,541	-	115,541
	-	-	1,087,790	-	1,087,790
Financial liabilities					
Trade and other payables	-	-	-	-	-
Provision for taxation	-	-	3,352	-	3,352
Short term financing	203,498	-	-	-	203,498
	203,498	-	3,352	-	206,850
Net financial assets / (Liabilities) 2023	(203,498)	-	1,084,438	-	880,940
OFF BALANCE SHEET ITEMS					
CONTINGENCIES 2023	-	-	-	-	-
COMMITMENTS 2023	-	-	-	-	-

Effective interest rates for the monetary financial assets and liabilities are mentioned in the respective notes to the financial statements.

15.2 RISK MANAGEMENT

a. LIQUIDITY RISK

Prudent liquidity risk management implies sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out the market positions due to dynamic nature of the business. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements

b. CONCENTRATION OF CREDIT RISK

The management monitors and limits the company's exposure to credit risk through monitoring of client's credit exposure. The Company's credit risk is primarily attributable to its contract receivables and its balances at banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

c. INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. In respect of interest / mark-up bearing financial assets and liabilities, the respective notes indicate their effective interest / mark-up rates at the balance sheet date. The management regularly monitors interest rate fluctuations and maturities of various assets and liabilities to maintain the maturity gaps within acceptable levels.

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M/s AFGHAN RED POMEGRANATE

Notes to the Financial Statements

For the year ended July 31, 2023

d. FOREIGN EXCHANGE RISK MANAGEMENT

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currency. As the Company's reporting currency USD is itself a foreign currency in Afghanistan, so its risk is restricted to the bank balances, trade debts and payables and all other transactions in the local currency and foreign currency (other than the reporting currency USD)

15.3 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of financial assets and liabilities approximates their fair values as reflected in the financial statements.

16 GENERAL

All the figures have been rounded off to the nearest of USD.

President

Vice President

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M/s AFGHAN RED POMEGRANATE
Accounts Receivables Analysis Statement
For the year ended July 31, 2023

Description	Amount (USD)	1 day to 30 days	31 days to 60 days	61 days to 90 days
Account receivables				
- Trade & other receivables	57,020	29,080	22,238	5,702
	<u>57,020</u>	<u>29,080</u>	<u>22,238</u>	<u>5,702</u>

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M/s AFGHAN RED POMEGRANATE
RATIO ANALYSIS

For the year ended July 31, 2023

	<u>2023</u>	<u>2022</u>
A. Profitability ratios		
Gross profit ratio	<u>38.9%</u>	<u>27.5%</u>
Net profit ratio	<u>26.4%</u>	<u>16.9%</u>
Return on capital employed	<u>13%</u>	<u>8%</u>
Return on total assets	<u>13%</u>	<u>8%</u>
B. Liquidity ratios		
Current ratio	<u>9.12</u>	<u>8.43</u>
Quick ratio	<u>4.42</u>	<u>3.07</u>
C. Efficiency ratios		
Debtors days	<u>0.48</u>	<u>0.44</u>
Receivable turnover	<u>20.63</u>	<u>12.86</u>
Fixed assets turnover	<u>0.87</u>	<u>0.66</u>

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