2.4 Use of estimates and judgments

The preparation of financial statements is in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to an accounting estimate 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.

Areas where various assumptions and estimates are significant to the company's financial statements or where judgments was exercised in application of accounting policy are as follows:

	Note
a) Residual values and useful lives of items of Property, plant and equipment	3.1
b) Provision for obsolete / slow moving stores and spares	3.4
c) Provision for obsolete / slow moving inventory	3.5
d) Provision for doubtful debts	3.6
e) Staff retirement benefits - Defined contribution plan	3.12
f) Provision for taxation	3.14

2.5 Changes in accounting standards, interpretations and pronouncements

a) Amendments to approved accounting standards effective during the year ended September 30, 2017:

There were certain new amendments to the approved accounting standards which became effective during the year ended September 30, 2017 but are considered not to be relevant or have any significant effect on the Company's financial reporting and are, therefore, not disclosed in these financial statements.

b) Standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after October 1, 2017:

There are certain new standards and amendments to the approved accounting standards that will