



GRAYS LEASING LIMITED



**Annual
2022
Report**



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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Khawar Anwar Khawaja
Mr. Muhammad Tahir Butt
Mr. Khurram Anwar Khawaja
Mr. Iftikhar Ahmad Butt
Mr. Omer Khawar Khawaja
Mr. Abdul Qayum Malik
Mr. Muhammad Arshad
Mrs. Nuzhat Khawar Khawaja

Chairman
Chief Executive

AUDIT COMMITTEE

Mr. Iftikhar Ahmad Butt
Mr. Khurram Anwar Khawaja
Mr. Omer Khawar Khawaja

AUDITORS

Riaz Ahmad & Company
Chartered Accountants
10-B Saint Mary Park
Main Boulevard, Gulberg III,
Lahore 54660, Pakistan
Phone: 92 (042) 35718137-9
E-mail: racolhr@racopk.com

COMPANY SECRETARY

Muhammad Adil Munir

CHIEF FINANCIAL OFFICER

Waqas Ali

HEAD OF INTERNAL AUDIT

Saeed Ahmad Shaheen

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Omer Khawar Khawaja
Mr. Muhammad Tahir Butt
Mr. Khurram Anwar Khawaja

Chairman

LEGAL ADVISOR

Lexicon Law Firm

REGISTERED AND HEAD OFFICE

701-A, 7th Floor, City Towers
6-K, Main Boulevard, Gulberg - II, Lahore
Tel: (042) 35770381 - 2
Fax: (042) 35770389
E-mail: info@graysleasing.com
Website: www.graysleasing.com

BANKERS

Meezan Bank Limited
The Bank of Punjab
Askari Bank Limited
National Bank of Pakistan
Habib Bank Limited
State Bank of Pakistan
First Women Bank Limited
Bank Al-Habib Limited

SHARE REGISTRAR

CorpTec Associates (Pvt) Ltd.
503-E, Johar Town, Lahore.

VISION

To be one of the most progressive institutions in the financial sector by providing quality service to our clientele in a superior manner, maintaining high ethical and professional standards, striving for continuous improvements and consistent growth to add value to our shareholders and our team of conscientious employees and a fair contribution to the national economy.

MISSION

- ⇒ To develop a client base representing all segments of the economy; emphasis being placed on financial support to medium and small enterprises for their expansion, balancing and modernization requirements.
- ⇒ To endeavor for a lasting relationship with clients and associates on the principles of Mutualism.
- ⇒ To transform the company into a dynamic, profitable and growth oriented institution through an efficient resource mobilization and the optimum utilization thereof.
- ⇒ To provide healthy environment and corporate culture for good governance of the company which ensures exceptional value for clients, personnel and the investors above all.
- ⇒ To implement the best professional standards with due observance of moral and ethical values in all respects of corporate life which will Insha Allah bring social and economic parity and prosperity among Nation and turn Pakistan into a Modern and Liberal Muslim Welfare State.

Grays Leasing Limited

NOTICE OF THE 27TH ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of the Company will be held on October 27, 2022 at 10:00 am at registered office of the Company located at 701-A, 7th Floor, City Towers, Main Boulevard, Gulberg - II, Lahore to transact the following business:

Ordinary Business

- 1 To confirm the minutes of the 26th Annual General Meeting held on October 26, 2021.
- 2 To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2022 together with the Directors' and Auditors' reports thereon
- 3 To appoint auditors for the year 2022-2023 and to fix their remuneration. The present auditor Messrs Riaz Ahmed & Company Chartered Accountants has retired. The audit committee and Board of Directors have recommended Messrs Riaz Ahmed & Company, Chartered Accountants, for the year ending 30th June, 2023.
- 4 To transact any other business with the permission of the chair.

BY ORDER OF THE BOARD



Muhammad Adil Munir
(COMPANY SECRETARY)

Lahore: October 7, 2022

NOTES:

- a. The Share Transfer Books of the Company will remain closed from October 21, 2022 to October 27, 2022 (both days inclusive). Physical transfers / CDS Transaction Ids received in order at our Registrar M/s. Corptec Associates (pvt) Limited, 503 – E Johar Town Lahore, up to the close of business on October 20, 2022 will be considered in time for determination of entitlement of shareholders to attend and vote at the meeting.
- b. A member entitled to attend and vote at this meeting may appoint any other member as his / her proxy to attend and vote instead of him. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a naturally attested copy of the power of attorney must be deposited at registered office of the Company at least 48 hours before the time of the meeting.
- c. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or passport, Accounts and Participants', ID Numbers to prove his/her identity, and in case of proxy it must enclose an attested copy of his/her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.
- d. Shareholders are requested to immediately notify change in address, if any to the company Share Registrar M/s. Corptec Associates (pvt) Limited, 503 – E Johar Town Lahore. And also furnish attested photocopy of their CNIC as per listing Regulation, if not provided earlier.

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DIRECTORS' REPORT

The Directors of Grays Leasing Limited (GLL/Company) are pleased to present the 27th Annual Report together with the audited financial statements for the year ended June 30, 2022.

COMPOSITION OF BOARD OF DIRECTORS

The total number of directors are 08 (eight) as per the following:

- Male 7
- Female 1

The composition of the Board is as follows:

Category		Names
a.	Independent Directors	Mr. Iftikhar Ahmad Butt Mr. Abdul Qayyum Malik Mr. Muhammad Arshad
b.	Non-executive Directors	Mr. Khawar Anwar Khawaja (Chairman) Mr. Khurram Anwar Khawaja Mr. Omer Khawar Khawaja Mrs. Nuzhat Khawar Khawaja
c.	Executive Directors	Mr. Muhammad Tahir Butt

OPERATING RESULTS

	Rupees
Total revenue	22,592,753
Total expenses	(20,385,505)
Profit before tax	<u>2,207,248</u>
Provision for taxation	
Current	
For the year	(5,233,196)
Prior year	2,324,886
Deferred	
For the year	(3,388,831)
	<u>(6,297,141)</u>
Loss after tax	<u>(4,089,893)</u>
Loss per share	(0.190)

KEY OPERATING AND FINANCIAL DATA

Key operating and other financial data for the last six years are being given hereinafter this report.

REVIEW OF OPERATIONS

During the year under review, the company sanctioned new leases (Excluding UFI) worth Rupees 99.514 million (2021: 132.916 million). Gross investment in finance leases as at 30 June 2022 stands at Rupees 531.613 million against Rupees 531.454 million on June 30, 2021, while the net investment stands at Rupees 460.191 million on 30 June 2022 against Rupees 464.488 million of the last year. The gross revenue from operations was Rupees 22.593 million against Rupees 18.697 million in 2021. The profit before and loss after tax for the current year is Rupees 2.207 million and Rupees 4.090 million as compared to profit before and loss after tax of preceding year which was Rupees 4.477 million and Rupees 1.646 million respectively. Loss incurred during the year was mainly due to increase in tax liability. Shareholders' equity of the company is at Rupees 57.935 million.

CREDIT RATING

Since Grays Leasing Limited is a non-deposit taking NBFC, therefore credit rating of the Company has not been carried out for the current year.

FUTURE OUTLOOK

In the absence of any funding from commercial banks, the company is utilizing funding available from the Anwar Khawaja Industries (Private) Limited-holding company, Chief Executive Officer of the Company and internal cash generation through recovery measures. The impact of these disbursements is not that significant on current year's financials, nevertheless, it is a step towards revival and the management is optimistic about bringing improvement in the next year's results.

RISK MANAGEMENT

Risk is inherent in all spheres of GLL's activities. Overall responsibility for establishing the risk management framework rests with the Board of Directors, which is actively involved in review, approval and monitoring the Company's risk management policies and ensuring that an appropriately sound internal control system is in place to manage those risks. This oversight is implemented through independent internal audit and compliance functions reporting to the Audit Committee.

DIVIDEND

Dear shareholders, the company could not generate profits. Due to this reason we could not declare dividend this year.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of the Grays Leasing Limited, present its state of affairs fairly, the result 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 the financial statements and accounting estimates are based on reasonable and prudent judgment.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as going concern.
- Two Directors and Chief Executive are exempt from Directors' Training Program due to 14 years of education and 15 years of experience on the board of listed companies. Three Directors are already certified under the Directors Training Program. Remaining directors will undergo Directors' Training Program.

PATTERN OF SHAREHOLDING

A statement showing pattern of shareholding in the company as on 30 June 2022 is given herewith. The Director CEO, CFO, Company Secretary and their spouses or minor children did not carry out any trade in the shares of the company during the year.

AUDITORS

The present auditors Messers Riaz Ahmad & Company, Chartered Accountants have retired. On the proposal of audit committee, the board recommends the appointment of Messers Riaz Ahmad & Company, Chartered Accountants as statutory auditor of the Company for the year ending June 30, 2023.

MATERIAL CHANGES

There have been no material changes and commitments affecting the financial position of the Company which have occurred between 30 June 2022 and 30th September 2022.

IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT

Your Company strives to follow best practices such as paper less environment and conservation energy.

CORPORATE SOCIAL RESPONSIBILITY

The Company has plans to undertake activities with regard to CSR in future with focus on education and social welfare.

BOARD OF DIRECTORS AND BOARD COMMITTEES

The composition of Board of Directors and its sub-committees are given in the statement of compliance is appended to this report.

BOARD'S REMUNERATION POLICY

The board of directors is in the process of developing a formal policy and transparent procedures for remuneration of directors.

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BOARD OF DIRECTORS' MEETINGS

During the year, 4 meetings of the board were held. Attendance of each director is as under:

Name of director	Attended	Leave granted
Mr. Khawar Anwar Khawaja	4	-
Mr. Muhammad Tahir Butt	4	-
Mr. Khurram Anwar Khawaja	4	-
Mr. Omer Khawar Khawaja	4	-
Mr. Iftikhar Ahmad Butt	4	-
Mr. Abdul Qayum Malik	2	2
Mr. Muhammad Arshad	4	-
Mrs. Nuzhat Kahwar Khawaja	4	-

AUDIT COMMITTEE MEETINGS

During the year, four meetings of the audit committee were held. Attendance of each director is as under:

	Attended	Leave granted
Mr. Khurram Anwar Khawaja	4	-
Mr. Omer Khawar Khawaja	4	-
Mr. Iftikhar Ahmad Butt	4	-

HUMAN RESOURCE AND REMUNERATION COMMITTEE

During the year, two meetings of the human resource and remuneration committee were held. Attendance of each director is as under:

	Attended	Leave granted
Mr. Omer Khawar Khawaja	2	-
Mr. Muhammad Tahir Butt	2	-
Mr. Khurram Anwar Khawaja	2	-

EVALUATION OF THE PERFORMANCE OF THE BOARD

GLL has a formal process of evaluation of the performance of the Board of Directors and its committee. This evaluation is carried out in-house on an annual basis.

CLARIFICATION TO QUALIFICATION IN AUDITOR'S REPORT

In their report to the Members, Auditors have stated that allowance for potential lease losses is made in these financial statements in accordance with the criteria for clarification and provisioning provided in Schedule X to the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The provision against lease receivables should be made at higher of the amount determined in accordance with the Expected Credit Loss (ECL) Model of IRFS 9 and Schedule X to the Non-Banking Finance Companies and Notified Entities Regulations, 2008. Currently, the management is working on development of ECL model as per IFRS 9 so that allowance for potential lease losses could be calculated at higher of the amount determined in accordance with the Expected Credit Loss (ECL) Model of IRFS 9 and Schedule X to the Non-Banking Finance Companies and Notified Entities Regulations, 2008. Moreover, all members of NBF1 & Modaraba Association of Pakistan (Association) have applied for the deferment of IFRS 9 till January 2024 to Security and Exchange Commission of Pakistan (Commission). In this regard the Commission collected information from all the members of the Association, against which a positive response is expected in near future.

ACKNOWLEDGMENT

I would like to thank the banks, NBF1 & Modaraba Association of Pakistan for its support, the clients who provided us opportunity to serve them and company employees at all levels for their dedicated efforts.

ON BEHALF OF THE BOARD



Muhammad Tahir Butt
Chief Executive

30th September 2022



Khurram Anwar Khawaja
Director

ڈائریکٹرز رپورٹ

گریز لیزنگ لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 جون 2022 کو اختتام پذیر ہونے والے سال کے لیے سٹائیسویس ڈائریکٹرز رپورٹ بمعہ آڈٹ شدہ مالی اسٹیٹمنٹس مسرت سے پیش کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی تشکیل

ڈائریکٹرز کی کل تعداد آٹھ ہے جو مندرجہ ذیل ہے۔

﴿ 7 میل

﴿ 1 فی میل

بورڈ درج ذیل ہے۔

نام	ذمہ
جناب افتخار احمد بٹ	ا خود مختار ڈائریکٹرز
جناب عبدالقوم ملک	
جناب محمد ارشد	
جناب خاور انور خواجہ (چئر مین)	ب غیر علی ڈائریکٹرز
جناب خرم انور خواجہ	
جناب عمر خاور خواجہ	
محترمہ زہت خاور خواجہ	
جناب محمد طاہر بٹ	ج علی ڈائریکٹرز

عمل کاری کے نتائج:

کمپنی کے عمل کاری کے نتائج درج ذیل ہیں:

22,592,753	کل آمدن
(20,385,505)	کل اخراجات
2,207,248	منافع قبل از ٹیکس
	قواعد برائے ٹیکس:
(5,233,196)	موجودہ سال
2,324,886	گزشتہ سال
(3,388,831)	تاخیر برائے سال
(6,297,141)	
(4,089,893)	نقصان بعد از ٹیکس
(0.190)	نقصان فی شیئر

کلیدی آپریٹنگ اور دیگر مالیاتی اعداد و شمار

گزشتہ چھ سالوں کیلئے کلیدی آپریٹنگ اور دیگر مالیاتی اعداد و شمار اس رپورٹ کے بعد دیئے جائیں گے

مرکزی کام اور مالی اعداد و شمار

زیر جائزہ سال کے دوران، کمپنی نے (بغیر UFI) 99.514 ملین روپے کا کاروبار کیا (ملین 132.916: 2021)۔ 30 جون 2022 تک مالی لیز میں کل سرمایہ کاری 30 جون 2021 کے 531.454 ملین روپے کی جگہ 531.613 ملین تھی، جبکہ 30 جون 2022 تک کی حتمی سرمایہ کاری گزشتہ سال کے 464.488 ملین روپے کی جگہ 460.191 ملین تھی۔ عوامل سے کل آمدن 2021 کے 18.697 ملین کی جگہ 22.593 ملین ہوئی۔ ٹیکس سے قبل منافع 2.207 ملین اور ٹیکس کے بعد میں نقصان 4.090 ملین روپے ہے جبکہ گزشتہ سال ٹیکس سے قبل منافع 4.477 ملین اور بعد میں نقصان 1.646 ملین روپے موازنہ میں بالترتیب تھا۔ سال کے دوران ہونے والے نقصان کی وجہ بنیادی طور پر کمزور ٹیکس واجبات میں اضافہ تھا۔ کمپنی کے شیئر ہولڈرز کی اکیوٹی مبلغ 57.935 ملین روپے پر ہے۔

کریڈٹ کی درجہ بندی

چونکہ گریز لیزنگ لمیٹڈ ایک نان ڈپازٹ لینے والی (NBFC) کمپنی ہے، اس لیے کمپنی کی کریڈٹ ریٹنگ موجودہ سال کے لیے نہیں کی گئی۔

مستقبل کا جائزہ

کمرشل بنکس کی جانب سے کسی بھی فنڈنگ کی غیر موجودگی کی صورت میں کمپنی ماتحتہ ادارے انور خواجہ انڈسٹریز پرائیویٹ لمیٹڈ، چیف ایگزیکٹو اور اندرونی رقم بذریعہ ریکوری کی جانب سے دستیاب فنڈز اور وصولی تدابیر کے ذریعے اندرونی کیش استعمال کر رہی ہے۔ ان اخراجات کا اثر موجودہ سال کے مالی معاملات پر اتنا اہم نہیں ہے، پھر بھی یہ حیات نو کی طرف ایک قدم ہے، انتظامیہ اگلے سال کے نتائج میں بہتری لانے کے لیے پرامید ہے۔

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انتظامی خطرات

کمپنی کی سرگرمیوں کے تمام شعبوں میں خطرات ہیں۔ ان خطرات کے فریم ورک کو چلانے کے لیے مجموعی ذمہ داری بورڈ آف ڈائریکٹرز کی ہے، جو کمپنی کے خطرات کے انتظام کی پالیسیوں کی نظر ثانی، منظوری اور نگرانی میں فعل طور پر شامل ہے اور مناسب خطرناک داخلی کنٹرول سسٹم کو یقینی بنانے کے لیے یوگرانی خود مختار اندرونی آڈٹ اور تعمیل کے افعال کے ذریعے آڈٹ کمپنی کے حوالے سے لاگو ہوتا ہے۔

ڈیویڈنڈ

عزیز شینئر ہولڈرز اس سال کمپنی کوئی منافع حاصل نہ کر سکی۔ اس وجہ سے ہم اس سال ڈیویڈنڈ کا اعلان نہیں کر سکے۔

کارپوریٹ اینڈ فنانشیئل رپورٹنگ فریم ورک

☆ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالی اسٹیٹمنٹس کمپنی کے معاملات، اس کے عوامل، کیش فلوا اور ایکویٹی میں تبدیلی جائز طور پر پیش کرتی ہیں۔

☆ کمپنی کے باقاعدہ کھاتے برقرار رکھے گئے ہیں۔

☆ مالی اسٹیٹمنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مسلسل طور پر لاگو کی گئی ہیں اور اکاؤنٹنگ کے تخمینہ جات مناسب اور با شعور فیصلوں پر مبنی ہیں۔

☆ اندرونی کنٹرول کا نظام اپنے ڈھانچے میں درست ہے اور اس کا موثر طور پر اطلاق اور نگرانی کی گئی ہے۔

☆ کمپنی کے بطور جاری کاروبار رہنے کی قابلیت پر کوئی خاطر خواہ شبہات نہ ہیں۔

☆ دو ڈائریکٹرز صاحبان اور چیف ایگزیکٹو کو 14 سالہ تعلیم اور 15 سالہ تجربے کی بناء پر تربیتی پروگرام میں شرکت چھوٹ حاصل ہے۔ دو ڈائریکٹرز پہلے ہی

ڈائریکٹرز ٹرینینگ پروگرام کے تحت سند یافتہ ہیں۔ باقی ڈائریکٹرز 2023 کی مالی سال میں ڈائریکٹرز ٹرینینگ پروگرام مکمل کر لیں گے۔

شینئر ہولڈنگ کی ترتیب:

30 جون 2022 کو کمپنی میں شینئر ہولڈنگ کی ترتیب ظاہر کرتی ہوئی اسٹیٹمنٹ لف ہذا ہے۔ ڈائریکٹر، CEO، CFO، کمپنی بیکریٹری اور ان کی زوجین یا بچوں نے دوران سال کمپنی کے شینئر کے کاروبار میں کوئی حصہ نہیں رکھا۔

آڈیٹرز

موجودہ آڈیٹرز میسر ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے میسر ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی بطور کمپنی آڈیٹرز برائے سال ختمہ 30 جون 2023 - سفارش کی ہے۔

تبدیلیئے مواد

اس میں 30 جون 2022 اور 06 اکتوبر 2022 کے درمیان کوئی ایسے وعدے اور سامان نہیں ہے جو کمپنی کی مالی حیثیت کو متاثر کرے۔

کمپنی کے کاروبار کے ماحول پر اثرات

آپ کی کمپنی بہترین کرشل طریقوں کی پیروی کرنے کی کوشش کرتی ہے جیسے کہ کاغذ کم ماحول اور توانائی کی حفاظت۔

کارپوریٹ سماجی ذمہ داری

کمپنی نے مستقبل میں کارپوریٹ سماجی ذمہ داری کے سلسلے میں تعلیم اور سماجی فلاح و بہبود میں سرگرمیاں انجام دینے کی منصوبہ بندی کی ہے۔

بورڈ آف ڈائریکٹرز اینڈ بورڈ کمیٹی

بورڈ آف ڈائریکٹرز اور ذیلی کمیٹیوں کی تعمیل اس رپورٹ میں شامل ہے جو تشکیل دی گئی ہے۔

بورڈ کی مشاہرہ پالیسی

بورڈ آف ڈائریکٹرز باقاعدگی سے ڈائریکٹرز کی بحالی کے لیے شفاف طریقہ کار اور پالیسیوں پر عمل پیرا ہیں۔

ڈائریکٹرز اینڈ مینٹننگز

دوران سال، بورڈ کی 4 مینٹننگز ہوئی۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے:

نام ڈائریکٹر	حاضری	رخصت
جناب خاور انور خواجہ	4	-
جناب محمد طاہر بٹ	4	-
جناب خرم انور خواجہ	4	-
جناب عمر خاور خواجہ	4	-
جناب افتخار احمد بٹ	4	-
جناب عبدالقیوم ملک	2	2
جناب محمد ارشد	4	-
محترمہ زہت خاور خواجہ	4	-

Grays Leasing Limited

آڈٹ کمیٹی کی میٹنگز

دوران سال آڈٹ کمیٹی کی 4 میٹنگز ہوئیں۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

نام ڈائریکٹر	حاضری	رخصت
جناب خرم انور خواجہ	4	-
جناب عمر خان خواجہ	4	-
جناب افتخار احمد بٹ	4	-

انسانی وسائل و معاوضہ کمیٹی

دوران سال انسانی وسائل و معاوضہ کمیٹی کی دو میٹنگز ہوئیں۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے:

نام ڈائریکٹر	حاضری	رخصت
جناب عمر خان خواجہ	2	-
جناب محمد طاہر بٹ	2	-
جناب خرم انور خواجہ	2	-

بورڈ کی کارکردگی کا جائزہ

گریزی لیونگ لمیٹڈ کے بورڈ آف ڈائریکٹرز اور اس کی کمیٹی کی کارکردگی کی تشخیص کا رسمی عمل جو تیاری میں ہے۔ اس تشخیص کو سالانہ بنیاد پر کیا جائیگا۔


آڈیٹرز کی رپورٹ میں قابلیت کی وضاحت


ممبران کو اپنی رپورٹ میں آڈیٹرز نے کہا ہے کہ رواں مالی سال کی تفصیلات میں لیونگ کے ان ممکنہ نقصانات کا تخمینہ نان بینکنگ و فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹیلی، 2008 کے شیڈول X کے مطابق کیا گیا ہے لیونگ کے ممکنہ نقصانات کا تخمینہ IFRS9 کے ECL ماڈل اور نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹیلیز ریگولیشن 2008 کے شیڈول X کے مطابق کیلکولیٹ کی گئی تو ہم میں سے زیادہ والی رقم کے مطابق ہونی چاہیے موجودہ منجھیٹ IFRS9 کے مطابق ECL ماڈل ل بنانے پر کام کر رہی ہے اور پر امید ہے کہ اگلے مالی سال میں لیونگ کے ممکنہ نقصانات ECL ماڈل X کے مطابق کیلکولیٹ کیے جائیں گے اس کے علاوہ NBFI's اینڈ مضاربہ ایسوسی ایشن کو IFRS9 کے جنوری 2024 کے موخر کے لئے SECP کو درخواست دی ہے SECP نے اس ضمن میں تمام ایسوسی ایشن کے ممبران سے معلومات اکٹھی کی ہیں جس کے حق میں مستقبل قریب میں مثبت ردعمل کی توقع ہے

اعتراف

میں اُن بیکس، نان فنانس بینکنگ انسٹیٹیوشنز اور موڈاربا ایسوسی ایشن پاکستان کا ان کی حمایت کے لیے شکر یہ ادا کرنا چاہتا ہوں، اور ان کلائنٹس کا جنھوں نے ہمیں اپنی خدمت کا موقع دیا اور تمام درجے کے کمپنی ملازمین کا، ان کی مخلص کوششوں کے لیے۔

بجانب بورڈ


خرم انور خواجہ
ڈائریکٹر


محمد طاہر بٹ
چیف ایگزیکٹو

ستمبر 30، 2022

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KEY OPERATING AND FINANCIAL DATA FOR SIX YEARS

	30-Jun-2017	30-Jun-2018	30-Jun-2019	30-Jun-2020	30-Jun-2021	30-Jun-2022
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PROFIT AND LOSS

(Rupees in Thousand)

Revenue	10,910	9,892	14,928	18,913	18,697	22,593
Financial charges	2,395	2,813	2,730	7,045	1,448	1,331
Provision / (Reversal)for doubtful receivables	(2,276)	(2,220)	1,031	1,520	(886)	4,226
Profit / (Loss) before tax	(425)	(2,689)	(1,194)	(2,947)	4,477	2,207
Profit / (Loss) after tax	(904)	(4,378)	(1,858)	(3,871)	1,646	4,090
Dividend	-	-	-	-	-	-
Bonus shares	-	-	-	-	-	-

BALANCE SHEET

Paid up share capital	215,000	215,000	215,000	215,000	215,000	215,000
Shareholders' equity	73,768	69,363	67,467	63,743	62,099	57,935
Borrowings	40,000	42,500	57,500	57,500	60,000	50,000
Net investment in finance lease	420,668	421,020	435,838	433,273	464,488	460,191
Total assets	268,485	272,086	292,494	297,544	323,491	318,848

PERFORMANCE INDICATORS

Profit / (Loss) before tax/Gross revenue	-4%	-27%	-8%	-16%	24%	10%
Profit / (Loss) after tax/Gross revenue	-8%	-44%	-12%	-20%	9%	18%
Pre tax return on shareholders' equity	-0.6%	-3.9%	-1.8%	-4.6%	7.2%	3.8%
After tax return on shareholders' equity	(0.01)	(0.06)	(0.03)	(0.06)	0.03	0.07
Income / expense ratio	0.80	0.67	0.99	0.93	1.24	1.40
Interest coverage ratio	(1.18)	(1.96)	(1.44)	(1.42)	2.09	0.66
Earning / (Loss) per share	(0.04)	(0.204)	(0.086)	(0.180)	(0.077)	(0.190)
Break up value per share	3.43	3.23	3.14	2.96	2.89	2.69
Lease disbursements	79,525	57,251	80,224	52,794	132,916	96,911
Number of contracts	33	28	26	21	35	29

Grays Leasing Limited

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)

REGULATIONS, 2019 (THE REGULATIONS)

NAME OF COMPANY: GRAYS LEASING LIMITED

YEAR ENDED: JUNE 30, 2022

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

1. The total number of directors are 08 as per the following:

- a. Male: 7
- b. Female: 1

2. The composition of the Board is as follows:

	Category	Names
a)	Independent Directors	Mr. Iftikhar Ahmed Butt Mr. Abdul Qayyum Malik Mr. Muhammad Arshad
b)	Non-executive Directors	Mr. Khawar Anwar Khawaja (Chairman) Mr. Khurram Anwar Khawaja Mr. Omer Khawar Khawaja Mrs. Nuzhat Khawar Khawaja
c)	Executive Director	Mr. Muhammad Tahir Butt (CEO)

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 a complete record of particulars of 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 the 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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board of directors is in the process of developing a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations;

9. The Board has arranged Directors' Training Program for the following:

- i) Mr. Omer Khawar Khawaja
- ii) Mr. Abdul Qayyum Malik

Following directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence, are exempt from Directors' Training program:

- i) Mr. Khawar Anwar Khawaja
- ii) Mr. Khurram Anwar Khawaja
- iii) Mr. Muhammad Tahir Butt

Following directors will be pursuing for the Directors' Training program in the year ending on 30 June 2023:

- i) Mrs. Nuzhat Khawar Khawaja
- ii) Mr. Iftikhar Ahmed Butt
- iii) Mr. Muhammad Arshad

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:

a) Audit Committee

- Mr. Iftikhar Ahmed Butt (Chairman)
- Mr. Omer Khawar Khawaja (Member)
- Mr. Khurram Anwar Khawaja (Member)

b) HR and Remuneration Committee

- Mr. Omer Khawar Khawaja (Chairman)
- Mr. Khurram Anwar Khawaja (Member)
- Mr. Muhammad Tahir Butt (Member)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:

- a) Audit Committee: Four meetings were held during the financial year ended 30 June 2022.
- b) HR and Remuneration Committee: Two meetings were held during the financial year ended 30 June 2022.


15. The board has set up an effective internal audit function 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;

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17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the 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; and
19. Explanation for non-compliance with requirements, other than Regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Non-Mandatory Requirement	Explanation of Non-Compliance	Regulation Number
1	Responsibilities of the Board and its members The Board is responsible for adoption of corporate governance practices by the Company.	Non-mandatory provisions of the Regulations are partially complied. The Company is deliberating on full compliance with all provisions of Regulations.	10(1)
2	Annual evaluation of Board's own performance The Board of the Company shall ensure that a formal and effective mechanism is put in place for an annual evaluation of Board's own performance, members of the Board and its committees.	The Company will comply with this requirement of the Regulations in the next financial year.	10(3)(v)
3	Formal policy The Board shall have in place a formal policy and transparent procedure for fixing the remuneration packages of individual directors for attending meetings of the Board and its committees.	The Board of directors is in the process of developing a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations	16
4	Directors Orientation Program The Company shall make appropriate arrangements to carry out orientation for their directors to acquaint them with the Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the Company for and on behalf of shareholders.	The Company will comply with this requirement of the Regulations in the next financial year.	18
5	Directors' Training It is encouraged that all of the directors have obtained Director Training Program (DTP) certification by 30 June 2022.	Currently two directors have attained DTP certification. Three directors meet the criteria of minimum 14 years of education and 15 years of experience on the Board of listed companies for whom the Company is in process of applying SECP for obtaining exemption. Further, the Company has planned to arrange DTP certification for remaining directors in the year ending on 30 June 2023.	19
6	Requirement to attain certification Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from year guly 2020	Currently, there is no female executive employed by the Company.	19(P)
7	Qualification of company secretary	The Company will comply with this requirement of the Regulations in the next financial year.	24
8	Human Resource and Remuneration Committee 1) There shall be a human resource and remuneration committee of at least three members comprising a majority of non-executive directors of whom at least one member shall be an independent director. 2) The chairman of the committee shall be an independent director.	The Company has plan to appoint independent director in human resource and remuneration committee in the next financial year ending on 30 June 2023. The independent director will also be the chairman of the committee	28(1)
9	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee.	29
10	Risk Management Committee 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.	Currently, the Board has not constituted a risk management committee and senior officer of the Company performs the requisite functions and apprise the Board accordingly.	30
11	Disclosure of significant policies on website The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of directors' remuneration policy.	Although these are well circulated among relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	P5


(KHAWAR ANWAR KHAWAJA)
Chairman

Chairman's Report

Review Report by the Chairman on Board's overall Performance u/s 192 of the Companies Act 2017:

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of (the "Board") of Grays Leasing Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed.

The Board has recently completed its annual self-evaluation for the year ended June 30, 2021 and I report that:

The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory.

The overall assessment as Satisfactory is based on an evaluation of the following integral components, which have a direct bearing on Board's role in achievement of Company's objectives:

1. Vision, mission and values: Board members are familiar with the current vision, mission and values and support them. The Board revisits the mission and vision statement from time to time.
2. Engagement in strategic planning: Board has a clear understanding of the stakeholders (shareholders, customers, employees, Society at large) whom the Company serves. The Board has a strategic vision of how the organization should be evolving over the next three to five years. Further Board sets annual goals and targets for the management in all major performance areas.
3. Diligence: The Board members diligently performed their duties and thoroughly reviewed, discussed and approved Business Strategies, Corporate Objectives, plans, budgets, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to board and committee meetings. The board met frequently enough to adequately discharge its responsibilities.
4. Monitoring of organization's business activities: The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors. The Board provided appropriate direction and oversight on a timely basis.
5. Diversity and Mix: The Board members effectively bring the diversity to the Board and constitute a mix of independent and non-executive directors. The non-executive and independent directors were equally involved in important board decisions.
6. Governance and Control Environment: The Board has effectively set the tone-at-the-top, by putting in place transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of corporate governance and by promoting ethical and fair behavior across the Company.



KHAWAR ANWAR KHAWAJA
Chairman

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INDEPENDENT AUDITOR'S MODIFIED REVIEW REPORT

To the members of Grays Leasing 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 Grays Leasing Limited (the Company) for the year ended 30 June 2022 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.

Following instances of the non-compliance with the requirements of the Regulations was observed which is not stated in the Statement of Compliance:

i) There is only one employee in the internal audit department of the Company who is head of internal audit. Internal audit reports were not shared with us, hence, we could not ensure the effectiveness of the internal audit function.

Based on our review, except for the above instance of non-compliance, 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 30 June 2022.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: September 30, 2022
UDIN: CR2022101683OQo4petR

INDEPENDENT AUDITOR'S REPORT To the members of Grays Leasing Limited Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Grays Leasing Limited (the Company), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the 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 30 June 2022 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

Allowance for potential lease losses is made in these financial statements in accordance with the criteria for classification and provisioning provided in Scheduled X to the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Company has adopted International Financial Reporting Standard (IFRS) 9 "Financial Instruments", therefore, provisioning against lease receivables should be made at higher of the amount determined in accordance with Expected Credit Loss model of IFRS 9 and Scheduled X to the of Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Company has not determined the allowance for potential lease losses under Expected Credit Loss model of IFRS 9, hence, we were unable to determine the financial impact of this matter on these financial statements.

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 qualified opinion.

Key Audit Matters

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

Except for the matter described in the *Basis for Qualified Opinion* section, we have determined that there are no key audit matters to communicate in our report.

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 financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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. As described in the *Basis for Qualified Opinion* section above, we are unable to conclude whether or not the other information is materially misstated with respect to matter stated therein.

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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) 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.

Board of directors 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 as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with 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 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

Except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, 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 statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the 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 Mustafa Ali.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: September 30, 2022


UDIN: AR202210168QHfAKvjYM

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Current assets			
Cash and bank balances	3	14,649,145	12,910,945
Advances and prepayments	4	514,054	1,119,777
Sales tax recoverable	5	386,594	934,792
Current maturity of non-current assets	6	177,249,602	179,778,116
		192,799,395	194,743,630
Non-current assets			
Net investment in lease finance	7	125,509,256	126,522,006
Long term security deposits and prepayments	8	2,500	373,500
Fixed assets	9	536,581	615,137
Right-of-use asset	10	-	1,236,996
		126,048,337	128,747,639
TOTAL ASSETS		318,847,732	323,491,269
LIABILITIES			
Current liabilities			
Loans from related parties	11	50,000,000	60,000,000
Accrued and other liabilities	12	4,478,405	4,276,185
Current maturity of non-current liabilities	13	128,649,346	119,560,973
Unclaimed dividend		777,785	777,785
Provision for taxation - net	14	4,341,562	4,472,328
		188,247,098	189,087,271
Non-current liabilities			
Deposits on lease contracts	15	66,699,920	69,021,115
Lease liability	16	-	519,907
Deferred income tax	17	4,247,082	841,685
Employees' retirement benefit	18	1,718,642	1,922,719
		72,665,644	72,305,426
TOTAL LIABILITIES		260,912,742	261,392,697
NET ASSETS		57,934,990	62,098,572
REPRESENTED BY:			
Authorized share capital			
35,000,000 (2021: 35,000,000) ordinary shares of Rupees 10 each		350,000,000	350,000,000
Issued, subscribed and paid-up share capital			
21,500,000 (2021: 21,500,000) ordinary shares of Rupees 10 each	19	215,000,000	215,000,000
Statutory reserve	20	59,256,615	59,256,615
Accumulated loss		(216,321,625)	(212,158,043)
Shareholders' equity		57,934,990	62,098,572
Contingencies and commitments	21		
		57,934,990	62,098,572

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


MUHAMMAD TAHIR BUTT
 CHIEF EXECUTIVE


(KHURRAM ANWAR KHAWAJA)
 DIRECTOR


WAQAS ALI
 CHIEF FINANCIAL OFFICER

Grays Leasing Limited


STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
REVENUE			
Income from lease operations	22	20,845,595	16,370,236
Other income	23	1,747,158	2,326,394
		<u>22,592,753</u>	<u>18,696,630</u>
EXPENDITURES			
Administrative and other operating expenses	24	(14,828,973)	(13,657,934)
Financial and other charges	25	(1,330,803)	(1,447,736)
Allowance for potential lease losses - net	7.2	(4,225,729)	886,190
		<u>(20,385,505)</u>	<u>(14,219,480)</u>
PROFIT BEFORE TAXATION		2,207,248	4,477,150
Taxation	26	(6,297,141)	(6,123,426)
LOSS AFTER TAXATION		<u>(4,089,893)</u>	<u>(1,646,276)</u>
Loss per share - basic and diluted	27	(0.190)	(0.077)

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


MUHAMMAD TAHIR BUTT
 CHIEF EXECUTIVE


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 CHIEF FINANCIAL OFFICER

Annual Report 2022


STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	2022 Rupees	2021 Rupees
LOSS AFTER TAXATION	(4,089,893)	(1,646,276)
OTHER COMPREHENSIVE INCOME :		
Item that will not be reclassified to profit or loss		
(Loss) / gain on remeasurement of defined benefit obligation	(57,123)	2,687
Deferred tax on remeasurement of defined benefit obligation	(16,566)	(779)
	(73,689)	1,908
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive (loss) / income for the year - net of tax	(73,689)	1,908
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(4,163,582)	(1,644,368)

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


MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE


(KHURRAM ANWAR KHAWAJA)
DIRECTOR



WAQAS ALI
CHIEF FINANCIAL OFFICER

Grays Leasing Limited


STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	CAPITAL RESERVE STATUTORY RESERVE	ACCUMULATED LOSS	SHAREHOLDERS' EQUITY
	----- Rupees -----			
Balance as at 30 June 2020	215,000,000	59,256,615	(210,513,675)	63,742,940
Loss for the year	-	-	(1,646,276)	(1,646,276)
Other comprehensive income for the year	-	-	1,908	1,908
Total comprehensive loss for the year	-	-	(1,644,368)	(1,644,368)
Balance as at 30 June 2021	215,000,000	59,256,615	(212,158,043)	62,098,572
Loss for the year	-	-	(4,089,893)	(4,089,893)
Other comprehensive loss for the year	-	-	(73,689)	(73,689)
Total comprehensive loss for the year	-	-	(4,163,582)	(4,163,582)
Balance as at 30 June 2022	215,000,000	59,256,615	(216,321,625)	57,934,990

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


MUHAMMAD TAHIR BUTT
 CHIEF EXECUTIVE


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 DIRECTOR



WAQAS ALI
 CHIEF FINANCIAL OFFICER

Annual Report 2022


STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,207,248	4,477,150
Adjustments for non-cash charges and other items:		
Depreciation	304,684	495,637
Provision for gratuity	343,800	410,220
Financial and other charges	1,330,803	1,447,736
Allowance / (reversal of) for potential lease losses - net	4,225,729	(886,190)
Doubtful advance written off	7,781	-
Provision against sales tax recoverable	642,968	-
Gain on disposal of fixed assets	(106,632)	(6,715)
Profit on bank deposits	(589,678)	(437,979)
	<u>6,159,455</u>	<u>1,022,709</u>
Operating profit before working capital changes	8,366,703	5,499,859
Decrease / (increase) in advances and prepayments	369,000	(186,867)
Increase in sales tax recoverable	(94,770)	(138,050)
Decrease / (increase) in other receivable	-	51,567
(Decrease) / increase in accrued and other liabilities	202,220	840,121
	<u>8,843,153</u>	<u>6,066,630</u>
Cash generated from operations		
Financial charges paid	(1,330,803)	(6,620,316)
Income tax paid	(3,039,076)	(1,154,625)
Gratuity paid	(605,000)	(990,123)
Profit on bank deposits received	589,678	437,979
Decrease in long term security deposits and prepayments - net	599,942	250,000
	<u>5,057,894</u>	<u>(2,010,455)</u>
Net cash from / (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in lease finance - net	(684,465)	(31,214,244)
Fixed assets acquired	(87,500)	(161,305)
Fixed assets disposed of	1,205,000	133,000
	<u>433,035</u>	<u>(31,242,549)</u>
Net cash from / (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of loan from related party	-	5,000,000
Repayment of loan to related parties	(10,000,000)	(2,500,000)
Repayment of lease liability	(1,071,068)	(486,822)
Deposits on lease contracts - net	7,318,339	27,054,295
	<u>(3,752,729)</u>	<u>29,067,473</u>
Net cash (used in) / from financing activities		
Net increase / (decrease) in cash and cash equivalents	1,738,200	(4,185,531)
Cash and cash equivalents at the beginning of the year	12,910,945	17,096,476
Cash and cash equivalents at the end of the year	<u>14,649,145</u>	<u>12,910,945</u>

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


MUHAMMAD TAHIR BUTT
 CHIEF EXECUTIVE


(KHURRAM ANWAR KHAWAJA)
 DIRECTOR


WAQAS ALI
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Grays Leasing Limited (the Company) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The Company's shares are listed on Pakistan Stock Exchange Limited. The Company is engaged in leasing business. It has been classified as a Non-Banking Finance Company (NBFC).

1.2 As on the reporting date, equity of the Company is Rupees 57,934,990. The Company as a non-deposit taking NBFIs meets the minimum equity requirement of Rupees 50.000 million. During the year, the Company has sanctioned and recovered amounting to Rupees 120,749,090 and Rupees 92,854,563 respectively against gross investment in lease finance. Further, during the year, the Company earned income of Rupees 20,845,595 from lease operations. Sponsors of the Company have sanctioned credit facility of Rupees 50,000,000 for working capital requirements. The sponsors of the Company have explicitly provided a commitment to provide the necessary support to the Company, if the need arises, to address any liquidity and minimum equity requirement to enable the Company to continue its business.

1.3 Geographical locations and addresses of all business units are as follows:

Sr. No.	Offices	Address
1	Head office and Registered office	701-A, 7th floor, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore.
2	Islamabad branch office	Flat No. 2, Block No. 4-A, Street No. 6, Sector I-8/1, Islamabad.
3	Karachi branch office	House No. L-64, Block-12, Gulistan-e-Johar, Karachi.
4	Sialkot branch office	P.O Box No. 10, Small Industries Estate, Sialkot.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These 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 (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

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- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- Provisions of and directives issued under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, and the NBFC Regulations differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, and the NBFC Regulations have been followed.

b) Accounting convention

These financial statements have been prepared under historical cost convention except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of fixed asset, with a corresponding effect on the depreciation charge and impairment.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2021:

- Amendments to IFRS 16 'Leases' – Covid-19 related rent concessions extended beyond 30 June 2021
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases'

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The above amendments and improvements are likely to have no significant impact on the financial statements.

g) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term borrowings under mark-up arrangements.

2.3 Net Investment in lease finance

Leases where the company transfers substantially all the risks and rewards incidental to ownership of the assets to the lessee are classified as finance leases. Net investment in lease finance is stated at an amount equal to the aggregate of the minimum lease payments receivable, including any guaranteed residual value and excluding any unearned income, write-offs and provision for potential lease losses, if any.

2.4 Allowance for potential lease losses

The specific allowance for potential lease losses, if any, is made quarterly in accordance with the Securities and Exchange Commission of Pakistan's the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In accordance with the SECP Regulations, the Company does not recognize income on finance lease receivables which have been classified.

2.5 Investments and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

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The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income/ (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

2.6 Financial liabilities – classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.7 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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For other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Allowance for potential lease losses is made in accordance with the criteria for classification and provisioning provided in Regulation No. 25 of the NBFC Regulations.

2.8 De-recognition

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.9 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.10 Fixed assets

Fixed assets except for land are stated at cost less accumulated depreciation and any identified impairment losses. Additions are stated at cost less accumulated depreciation and any identified impairment losses. Land is stated at cost less impairment loss, if any.

Depreciation on all fixed assets is charged to income by applying the reducing balance method whereby the cost of an asset is written off over its estimated useful life. Depreciation is being charged at the rates given in Note 9.

Depreciation on additions to fixed assets is charged from the day the asset is available for use while no depreciation is charged from the day on which asset is disposed of.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

2.11 Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred

2.12 Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.13 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

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2.14 Employees' benefits

a) Employees' retirement benefit

The company operates a non-funded defined benefit gratuity scheme for its permanent employees who have completed the qualifying service period of three years. Provision in respect of the scheme is made in accordance with the actuarial recommendations. Experience adjustments in defined benefit obligation are recognized immediately in other comprehensive income.

b) Employees' compensated absences

The company provides for liability in respect of employees' compensated absences in the year in which these are earned.

2.15 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.16 Borrowings

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.17 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalized up to the date of commissioning of the qualifying asset, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to income.

2.18 Accrued and other liabilities

Accrued and other liabilities are initially recognized at fair value, which is normally the transaction cost.

2.19 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

2.20 Revenue recognition

Mark-up / return on investments and fund placements are recognized on a time proportion basis. The Company follows the finance method in accounting for recognition of lease income. Under this method, the unearned lease income, i.e., the excess of aggregate lease rentals and the residual value over the cost of leased asset is deferred and then amortized to income over the term of the lease, so as to produce a constant rate of return on the net investment in lease finance. Income on non-performing loans is recognized on receipt basis in accordance with SECP regulations. Front-end fees, documentation charges and other lease related income are taken to income currently. Additional lease rentals being late payment charges on lease rentals are recognized on receipt basis.

2.21 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.22 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

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2.23 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.24 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.25 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.26 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.27 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.28 Ijarah contracts

Under the Ijarah contracts the Company obtains usufruct of an asset for an agreed period for an agreed consideration. The Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Company as a Mustaj'ir (lessee) in the Ijarah contract recognises the Ujrah (lease) payments as an expense in the profit and loss on straight line basis over the Ijarah term.

2.29 Other receivables

Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

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	2022 Rupees	2021 Rupees
3. CASH AND BANK BALANCES		
Cash in hand	24,430	259,905
Cash with banks:		
Balance with State Bank of Pakistan	9,884	13,371
Current accounts	4,955,842	3,874,160
Saving accounts (Note 3.1)	9,658,989	8,763,509
	<u>14,649,145</u>	<u>12,910,945</u>

3.1 Rate of profit on bank deposits ranges from 5.50% to 12.25% (2021: 5.50% to 5.65%) per annum.

	2022 Rupees	2021 Rupees
4. ADVANCES AND PREPAYMENTS		
Considered good:		
Advances		
Advance against expenses	134,109	341,890
Advances to employees (Note 4.1)	246,000	415,000
Prepayments		
Current maturity of prepayments shown under non-current assets (Note 8)	133,945	362,887
Considered doubtful:		
Advance against expenses	7,781	-
Less : Written off during the year (Note 24)	(7,781)	-
	<u>-</u>	<u>-</u>
	<u>514,054</u>	<u>1,119,777</u>

4.1 These represent unsecured and interest free advances given to employees of the Company against salaries. These include advance of Rupees Nil (2021: Rupees 0.295 million) receivable from ex-chief financial officer of the Company. Maximum aggregate amount outstanding at the end of any month during the year was Rupees 0.295 million (2021: Rupees 0.330 million).

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	2022 Rupees	2021 Rupees
5. SALES TAX RECOVERABLE		
Considered good	386,594	934,792
Considered doubtful	642,968	-
Less: Provision charged during the year (Note 24)	(642,968)	-
	-	-
	<u>386,594</u>	<u>934,792</u>
6 CURRENT MATURITY OF NON-CURRENT ASSETS		
Net investment in lease finance (Note 7)	<u>177,249,602</u>	<u>179,778,116</u>
7 NET INVESTMENT IN LEASE FINANCE		
Lease rentals receivable	336,263,957	343,423,479
Add: Guaranteed residual value of leased assets	195,349,266	188,030,927
Gross investment in lease finance (Note 7.1)	531,613,223	531,454,406
Less: Unearned finance income	(71,421,927)	(66,966,725)
Net investment in lease finance (Note 7.1 and Note 7.3)	460,191,296	464,487,681
Less: Allowance for potential lease losses (Note 7.2)	(157,432,438)	(158,187,559)
Net investment in lease finance - net off provision (Note 7.3)	302,758,858	306,300,122
Less: Current maturity shown under current assets (Note 6)	(177,249,602)	(179,778,116)
	<u>125,509,256</u>	<u>126,522,006</u>

7.1	GROSS INVESTMENT IN LEASE FINANCE		NET INVESTMENT IN LEASE FINANCE	
	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees
Not later than one year	385,865,669	392,856,042	334,682,040	337,965,675
Later than one year but not later than five years	145,747,554	138,598,364	125,509,256	126,522,006
	<u>531,613,223</u>	<u>531,454,406</u>	<u>460,191,296</u>	<u>464,487,681</u>
Less: Unearned finance income	(71,421,927)	(66,966,725)		
	<u>460,191,296</u>	<u>464,487,681</u>		

7.1.1 There are no lease contract receivables over five years. The company's implicit rate of return on leases ranges from 14.74% to 23.10% per annum (2021: 11.72% to 23.10% per annum). In certain cases, in addition to leased assets the leases are secured against post dated cheques, personal guarantees and charge on properties of the lessees.

7.1.2 Analysis of net investment in lease finance in respect of non-performing leases on which mark-up is being suspended is given in Note 32.1(b). The non-performing leases are determined in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

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	2022	2021
	Rupees	Rupees
7.2 ALLOWANCE FOR POTENTIAL LEASE LOSSES		
Balance as at 01 July	158,187,559	159,073,749
Add: Allowance for potential lease losses made during the year	14,952,803	317,359
Less: Reversal of allowance for potential lease losses during the year	(10,727,074)	(1,203,549)
Allowance for potential lease losses - net	4,225,729	(886,190)
Less: Written off against allowance for potential lease losses	(4,980,850)	-
Balance as at 30 June	<u>157,432,438</u>	<u>158,187,559</u>

7.3 Net investment in lease finance includes an amount of Rupees 3.338 million (2021: Rupees 3.910 million) receivable from Mr. Muhammad Avais Ibrahim ex-chief financial officer of the Company. The maximum aggregate of amount receivable at the end of any month during the year was Rupees 3.910 million (2021: Rupees 3.910 million). The age analysis of this receivable from of the Company is as follows:

	2022	2021
	Rupees	Rupees
Neither past due nor impaired	-	-
Past due up to 179 days but not impaired	-	-
Past due 180-364 days - impaired	-	-
Past due more than one year and less than one and half year	-	-
Past due more than one and half year	3,337,796	3,910,149
	<u>3,337,796</u>	<u>3,910,149</u>
Less: Allowance for potential lease losses	(169,796)	-
	<u>3,168,000</u>	<u>3,910,149</u>

7.3.1 In accordance with the Regulation 25 of Non-Banking Finance Companies and Notified Entities Regulations, 2008, finance lease income against this lease facility is being suspended. Further, provision against outstanding balance of principal is not required due to adjustment of security deposit against lease receivables.

	2022	2021
	Rupees	Rupees
8. LONG TERM SECURITY DEPOSITS AND PREPAYMENTS		
Security deposits	2,500	373,500
Prepayment	133,945	362,887
	<u>136,445</u>	<u>736,387</u>
Less: Current maturity of prepayments shown under current assets (Note 4)	(133,945)	(362,887)
	<u>2,500</u>	<u>373,500</u>

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9. FIXED ASSETS

Reconciliation of carrying amounts at the beginning and end of the year is as follows:

	FURNITURE AND FIXTURES	VEHICLES	OFFICE EQUIPMENT	COMPUTER EQUIPMENT	TOTAL
-----Rupees-----					
As at 30 June 2020					
Cost	489,740	2,091,624	433,020	1,480,144	4,494,528
Accumulated depreciation	(369,639)	(1,648,150)	(304,144)	(1,411,911)	(3,733,844)
Accumulated impairment loss	(19,918)	-	(16,357)	(28,709)	(64,984)
Net book value	100,183	443,474	112,519	39,524	695,700
Year ended 30 June 2021					
Opening net book value	100,183	443,474	112,519	39,524	695,700
Additions	-	-	-	161,305	161,305
Disposal:					
Cost	-	(773,325)	-	(6,500)	(779,825)
Accumulated depreciation	-	649,241	-	4,299	653,540
	-	(124,084)	-	(2,201)	(126,285)
Depreciation charge	(10,018)	(71,129)	(11,252)	(23,184)	(115,583)
Closing net book value	90,165	248,261	101,267	175,444	615,137
As at 30 June 2021					
Cost	489,740	1,318,299	433,020	1,634,949	3,876,008
Accumulated depreciation	(379,657)	(1,070,038)	(315,396)	(1,430,796)	(3,195,887)
Accumulated impairment loss	(19,918)	-	(16,357)	(28,709)	(64,984)
Net book value	90,165	248,261	101,267	175,444	615,137
Year ended 30 June 2022					
Opening net book value	90,165	248,261	101,267	175,444	615,137
Additions	-	-	-	87,500	87,500
Transfer from right of use assets:					
Cost	-	1,900,268	-	-	1,900,268
Accumulated depreciation	-	(789,262)	-	-	(789,262)
		1,111,006			1,111,006
Disposal:					
Cost	-	(2,320,268)	-	-	(2,320,268)
Accumulated depreciation	-	1,221,900	-	-	1,221,900
		(1,098,368)			(1,098,368)
Depreciation charge	(9,017)	(91,137)	(10,127)	(68,413)	(178,694)
Closing net book value	81,148	169,762	91,140	194,531	536,581
As at 30 June 2022					
Cost	489,740	898,299	433,020	1,722,449	3,543,508
Accumulated depreciation	(388,674)	(728,537)	(325,523)	(1,499,209)	(2,941,943)
Accumulated impairment loss	(19,918)	-	(16,357)	(28,709)	(64,984)
Net book value	81,148	169,762	91,140	194,531	536,581
Annual rate of depreciation (%)	10	20	10	30	

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9.1 Detail of operating fixed assets disposed off during the year is as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchasers
	Rupees	Rupees	Rupees	Rupees	Rupees		
Vehicles							
Suzuki Cultus LE-9A-3527	1,900,268	835,528	1,064,740	1,125,000	60,260	Negotiation	Mr. Muhammad Tanveer, Khanewal.
Suzuki Mehran LEC- 07-563	420,000	386,372	33,628	80,000	46,372	Negotiation	Mr. Haroon Siddiqui, Karachi.
	<u>2,320,268</u>	<u>1,221,900</u>	<u>1,098,368</u>	<u>1,205,000</u>	<u>106,632</u>		

10. RIGHT-OF-USE ASSET

	2022 Rupees	2021 Rupees
Reconciliation of net carrying amount of right-of-use asset:		
Balance as on 01 July	1,236,996	1,617,050
Less: Depreciation for the year (Note 24)	(125,990)	(380,054)
Less: Transferred to fixed assets	(1,111,006)	-
Balance as on 30 June	<u>-</u>	<u>1,236,996</u>

10.1. Lease of vehicle

The Company obtained vehicle on lease. Total lease period was 3 years. During the year, this lease has been terminated.

2022 Rupees	2021 Rupees
----------------	----------------

11. LOANS FROM RELATED PARTIES

Chief Executive Officer (Note 11.1 and 11.2)	-	10,000,000
Anwar Khawaja Industries (Private) Limited - holding company (Note 11.3)	50,000,000	50,000,000
	<u>50,000,000</u>	<u>60,000,000</u>

11.1. This unsecured loan was obtained from Chief Executive Officer of the Company under mark-up arrangements for working capital requirements. This form part of total credit facility of Rupees Nil (2021: Rupees 10 million). This loan carried mark-up at the rate of 6 months KIBOR (2021: 6 months KIBOR) and repaid during the year.

11.2. Effective rate of mark-up charged during the year was 7.67% (2021: 6.95% to 7.35%) per annum.

11.3. This unsecured loan is obtained from Anwar Khawaja Industries (Private) Limited - holding company for working capital requirements. This form part of total credit facilities of Rupees 50 million (2021: Rupees 65 million). The loan is interest free and is repayable till 30 June 2023.

11.4. As on the reporting date, un-utilized credit facilities from related parties comprise of Rupees Nil (2021: Rupees 15.00 million).

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	2022 Rupees	2021 Rupees
12. ACCRUED AND OTHER LIABILITIES		
Accrued liabilities	707,761	841,381
Income tax deducted at source	42,350	41,600
Workers' welfare fund (Note 12.1)	942,274	593,157
Insurance premium and claims payable	2,786,020	1,950,047
Other	-	850,000
	<u>4,478,405</u>	<u>4,276,185</u>
	2022 Rupees	2021 Rupees
12.1. Workers' welfare fund		
Balance as at 01 July	593,157	-
Add: Provision for the year (Note 25)	349,117	593,157
Balance as at 30 June	<u>942,274</u>	<u>593,157</u>
	2022 Rupees	2021 Rupees
13. CURRENT MATURITY OF NON-CURRENT LIABILITIES		
Deposits on lease contracts (Note 15)	128,649,346	119,009,812
Lease liability (Note 16)	-	551,161
	<u>128,649,346</u>	<u>119,560,973</u>
	2022 Rupees	2021 Rupees
14. PROVISION FOR TAXATION - NET		
Provision for taxation	5,342,757	5,539,452
Less: Advance income tax	1,001,195	1,067,124
	<u>4,341,562</u>	<u>4,472,328</u>
15. DEPOSITS ON LEASE CONTRACTS		
Balance as at 30 June	195,349,266	188,030,927
Less: Current maturity shown under current liabilities (Note 13)	(128,649,346)	(119,009,812)
	<u>66,699,920</u>	<u>69,021,115</u>

15.1 These represent interest free security deposits received from lessees. These security deposits have been utilized for business purpose and are refundable / adjustable at the expiry / termination of respective leases. These security deposits include an amount of Rupees 3.168 million (2021: Rupees 3.168 million) received from former ex-financial officer of the Company.

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	2022 Rupees	2021 Rupees
16. LEASE LIABILITY		
Balance as on 30 June	-	1,071,068
Less: Current maturity shown under current liabilities (Note 15)	-	551,161
	<u>-</u>	<u>519,907</u>
16.1 Reconciliation of lease liability		
Balance as on 01 July	1,071,068	1,557,890
Add: Interest accrued on lease liability (Note 25)	26,159	125,532
Less: Payments during the year	(1,097,227)	(612,354)
Balance as at 30 June	<u>-</u>	<u>1,071,068</u>
	2022	2021
	Rupees	Rupees
16.2 Maturity analysis of lease liability is as follows:		
Upto 6 months	-	304,176
6-12 months	-	304,176
1-2 years	-	523,088
	<u>-</u>	<u>1,131,440</u>
Less: Future finance cost	-	(60,372)
Present value of finance lease liability	<u>-</u>	<u>1,071,068</u>
	2022	2021
	Rupees	Rupees
17. DEFERRED INCOME TAX		
Deferred income tax (assets) / liabilities arising due to:		
Taxable temporary differences on:		
Accelerated tax depreciation	85,083,355	84,282,320
Right-of-use asset	-	358,729
Deductible temporary differences on:		
Un-absorbed tax depreciation	(80,337,867)	(82,931,165)
Provision for gratuity	(498,406)	(557,589)
Lease liability	-	(310,610)
	<u>4,247,082</u>	<u>841,685</u>

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17.1 Movement in deferred tax balances during the year is as follows:

2022				
Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Closing balance	
-----Rupees-----				
Accelerated tax depreciation	84,282,320	801,035	-	85,083,355
Right-of-use asset	358,729	(358,729)	-	-
Un-absorbed tax depreciation	(82,931,165)	2,593,298	-	(80,337,867)
Provision for gratuity	(557,589)	42,617	16,566	(498,406)
Lease liability	(310,610)	310,610	-	-
	<u>841,685</u>	<u>3,388,831</u>	<u>16,566</u>	<u>4,247,082</u>

2021				
Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Closing balance	
-----Rupees-----				
Accelerated tax depreciation	85,970,742	(1,688,422)	-	84,282,320
Right-of-use asset	-	358,729	-	358,729
Tax losses:				
Available	(89,411,223)	6,480,058	-	(82,931,165)
Movement in deferred tax not recognised	4,167,021	(4,167,021)	-	-
Deferred tax recognised	(85,244,202)	2,313,037	-	(82,931,165)
Provision for gratuity	(726,540)	168,172	779	(557,589)
Lease liability	-	(310,610)	-	(310,610)
	<u>-</u>	<u>840,906</u>	<u>779</u>	<u>841,685</u>

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18. EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation of the defined benefit plan as at 30 June 2022 was carried out using the Projected Unit Credit Method. Details of the plan as per the actuarial valuation are as follows:

	2022 Rupees	2021 Rupees
Present value of defined benefit obligation (Note 18.1)	1,718,642	1,922,719
Net liability as at 01 July	1,922,719	2,505,309
Remeasurement recognized in other comprehensive income (Note 18.2)	57,123	(2,687)
Charge to statement of profit or loss (Note 18.3)	343,800	410,220
Benefits paid	(605,000)	(990,123)
Liability as at 30 June	1,718,642	1,922,719

18.1 The movement in the present value of defined benefit obligation is as follows:

Present value of defined benefit obligations	1,922,719	2,505,309
Current service cost	181,778	239,349
Interest cost	162,022	170,871
Benefits paid	(605,000)	(990,123)
Actuarial losses from change in financial assumptions	16,371	9,922
Experience adjustments	40,752	(12,609)
	1,718,642	1,922,719

18.2 Remeasurements recognised in other comprehensive income

	2022 Rupees	2021 Rupees
Experience adjustment	40,752	(12,609)
Actuarial losses from change in financial assumptions	16,371	9,922
	57,123	(2,687)

18.3 Charge to statement of profit or loss:

Current service cost	181,778	239,349
Interest cost	162,022	170,871
	343,800	410,220

18.4 Comparison of present value of defined benefit obligation for current and previous four years is as follows:

	2022	2021	2020	2019	2018
Present value of defined benefit obligation (Rupees)	1,718,642	1,922,719	2,505,309	2,164,498	1,751,300
Remeasurement (gain) / loss on obligation (Rupees)	57,123	(2,687)	(206,716)	52,978	36,770

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18.5 Principal actuarial assumptions used:

	2022	2021
	(% per annum)	
Discount rate	13.25	10.00
Expected rate of increase in salary	12.25	9.00

18.6 Mortality was assumed to be based on SLIC 2001-2005 ultimate mortality rates, set back one year.

18.7 The Company is expected to charge Rupees 0.364 million for gratuity in the next financial year.

18.8 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions at the reporting date:

	Defined benefit obligation		
	Changes in assumption	Increase in assumption	Decrease in assumption
	Bps	Rupees	Rupees
Discount rate	100	1,567,452	1,892,575
Future salary increase	100	1,896,293	1,561,555

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change in comparison to the previous period.

18.9 Maturity profile

The weighted average duration of the benefit obligation is 9 years.

Expected maturity profile of undiscounted defined benefit obligation:

Lees than a year	Between 1 to 2 years	Between 3 to 5 years	Between 6 to 10 years	Over 10 years	Total
132,481	136,067	412,770	1,636,370	17,550,479	19,868,167

19. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2022	2021		2022	2021
(Number of shares)			Rupees	Rupees
19,500,000	19,500,000	Ordinary shares of Rupees 10 each fully paid-up in cash	195,000,000	195,000,000
2,000,000	2,000,000	Ordinary shares of Rupees 10 each issued as bonus shares	20,000,000	20,000,000
<u>21,500,000</u>	<u>21,500,000</u>		<u>215,000,000</u>	<u>215,000,000</u>
			2022	2021
			(Number of shares)	

19.1 Ordinary shares of the Company held by the holding company and associated company:

GOC (PAK) Limited - associated company	7,999,999	7,999,999
Anwar Khawaja Industries (Private) Limited - holding company	3,739,603	3,739,603
	<u>11,739,602</u>	<u>11,739,602</u>

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20. STATUTORY RESERVE

This represents reserve fund created under Non-Banking Finance Companies and Notified Entities Regulations, 2008.

	2022	2021
21. Contingencies and commitments		
21.1 Contingencies	-	-
21.2 Commitments	-	-
	2022	2021
	Rupees	Rupees
22. INCOME FROM LEASE OPERATIONS		
Finance lease income	19,444,469	15,605,445
Documentation charges	443,412	324,000
Additional lease rentals	957,714	440,791
	<u>20,845,595</u>	<u>16,370,236</u>
23. OTHER INCOME		
Income from financial assets		
Processing fee and other charges	1,050,848	1,881,700
Profit on bank deposits	589,678	437,979
Income from non-financial assets		
Gain on disposal of fixed assets (Note 9.1)	106,632	6,715
	<u>1,747,158</u>	<u>2,326,394</u>
	2022	2021
	Rupees	Rupees
24. ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Salaries, allowances and other benefits (Note 24.1)	7,461,281	6,678,803
Repair and maintenance	341,827	261,632
Rent, rates and taxes (Note 24.2)	400,000	400,000
Postage and telephone	191,686	212,312
Vehicles' running	822,086	1,030,497
Utilities	297,410	219,205
Legal and professional	961,642	721,540
Insurance	100,553	101,316
Fees and subscription	1,638,656	1,542,720
Travelling and conveyance	805,287	533,848
Printing and stationery	311,302	317,046
Auditor's remuneration (Note 24.3)	700,000	675,000
Entertainment	186,686	196,692
Advertisement	60,900	118,940
Newspapers and periodicals	11,657	19,501
Depreciation on fixed assets (Note 9)	178,694	115,583
Depreciation on right-of-use asset (Note 10)	125,990	380,054
Miscellaneous	233,316	133,245
	<u>14,828,973</u>	<u>13,657,934</u>

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24.1 These include Rupees 0.344 million (2021: Rupees 0.410 million) charged in respect of gratuity as referred to in Note 18 and Rupees 0.228 million (2021: Rupees 0.306 million) charged in respect of compensated absences.

24.2 This includes rent of office building. Per month rent of office building is Rupees 25,000. Due to its low value, the company has elected not to recognize a right-of-use asset and corresponding lease liability. Total rent of Rupees 300,000 (2021: Rupees 300,000) against office building has been recognized as expense.

	2022	2021
	Rupees	Rupees
24.3 Auditor's remuneration		
Audit fee	390,000	370,000
Half yearly review and other sundry certifications	210,500	210,000
Out-of-pocket expenses	99,500	95,000
	<u>700,000</u>	<u>675,000</u>

	2022	2021
	Rupees	Rupees
25. FINANCIAL AND OTHER CHARGES		
Mark up on loans from related parties	259,309	696,747
Interest on lease liability (Note 16.1)	26,159	125,532
Workers' welfare fund (Note 12.1)	349,117	593,157
Doubtful advances written off (Note 4)	7,781	-
Provision against sales tax recoverable (Note 5)	642,968	-
Commission and other bank charges	45,469	32,300
	<u>1,330,803</u>	<u>1,447,736</u>

	2022	2021
	Rupees	Rupees
26. TAXATION		
Current:		
For the year (Note 26.1)	5,233,196	5,429,891
Prior year	(2,324,886)	(147,371)
Deferred:		
For the year	3,388,831	840,906
	<u>6,297,141</u>	<u>6,123,426</u>

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26.1 The Company has carry forwardable unabsorbed depreciation of Rupees 277.027 million (2021: Rupees 285.970 million). Provision for income tax in the current year is computed as per provisions of the Income Tax Ordinance, 2001.

	2022	2021
	Rupees	Rupees
26.2 Reconciliation between tax expense and accounting profit		
Accounting profit before tax	<u>2,207,248</u>	<u>4,477,150</u>
Applicable tax rate	<u>29%</u>	<u>29%</u>
Tax on accounting profit	640,102	1,298,374
Tax effect of inadmissible / admissible adjustments - net	9,484,278	15,903,174
Tax effect of change in prior year's tax	(2,324,886)	(147,371)
Tax effect arising as consequences of recognition of deferred tax	3,388,831	840,906
Tax effect due to adjustment of losses and minimum tax	(5,062,190)	(11,898,671)
Others	171,006	127,014
	<u>6,297,141</u>	<u>6,123,426</u>
	2022	2021
	Rupees	Rupees

27. LOSS PER SHARE - BASIC AND DILUTED

Loss after taxation	Rupees	<u>(4,089,893)</u>	<u>(1,646,276)</u>
Weighted average number of ordinary shares	Number	<u>21,500,000</u>	<u>21,500,000</u>
Loss per share - basic	Rupees	<u>(0.190)</u>	<u>(0.077)</u>

There is no dilutive effect on the loss per share of the Company.

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28. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

2022				
Liabilities from financing activities			TOTAL	
Loans from related parties	Deposits on lease contracts	Lease liability		
----- Rupees -----				
Balance as at 01 July 2021	60,000,000	188,030,927	1,071,068	249,101,995
Repayment of loan	(10,000,000)	-	-	(10,000,000)
Interest accrued on lease liability	-	-	26,159	26,159
Repayments of lease liability	-	-	(1,097,227)	(1,097,227)
Deposits on new lease contracts - received	-	32,662,115	-	32,662,115
Adjusted at the time of expiry / termination of lease	-	(25,343,776)	-	(25,343,776)
Balance as at 30 June 2022	50,000,000	195,349,266	-	245,349,266

2021				
Liabilities from financing activities			TOTAL	
Loans from related parties	Deposits on lease contracts	Lease liability		
----- Rupees -----				
Balance as at 01 July 2020	57,500,000	160,976,632	1,557,890	220,034,522
Loan obtained	5,000,000	-	-	5,000,000
Repayment of loan	(2,500,000)	-	-	(2,500,000)
Interest accrued on lease liability	-	-	125,532	125,532
Repayments of lease liability	-	-	(612,354)	(612,354)
Deposits on new lease contracts - received	-	50,607,105	-	50,607,105
Adjusted at the time of expiry / termination of lease	-	(23,552,810)	-	(23,552,810)
Balance as at 30 June 2021	60,000,000	188,030,927	1,071,068	249,101,995

29. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the holding company, associated undertakings, other related group companies, directors of the Company, Chief Executive Officer of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

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	2022 Rupees	2021 Rupees
i) Transactions		
Holding company		
Mark-up paid	-	4,672,603
Loan repaid	-	2,500,000
Rent of office building	300,000	300,000
Other Related Parties		
Chief Executive Officer		
Mark-up paid	259,309	1,196,724
Mark-up charged to the statement of profit or loss	259,309	696,747
Loan obtained	-	5,000,000
Loan repaid	10,000,000	-
Ex-Chief Financial Officer		
Deductions of advance against salary	295,000	40,000
Received against net investment in finance lease	572,353	945,000
Remuneration	310,063	1,119,652
Gratuity paid	605,000	-
ii) Period end balances		
Holding company		
Loan payable	50,000,000	50,000,000
Chief Executive Officer		
Loan payable	-	10,000,000
Ex-Chief Financial Officer (Note 29.1)		
Advance against salary receivable	-	295,000
Net investment in lease finance (net of potential lease losses)	3,168,000	3,910,149
Deposit against lease contract	3,168,000	3,168,000

29.1 During the year, chief financial officer who obtained lease facility and advance against salary has resigned from the Company.

29.2 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

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Names of the holding company, associated companies and related parties	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial		Percentage of shareholding of the Company
		2022	2021	
Anwar Khawaja Industries (Private) Limited	Holding company	Yes	Yes	None
GOC (PAK) Limited	Common directorship	No	No	None
Grays Fabrics Limited	Common directorship	No	No	None
Sialkot International Airport Limited	Common directorship	No	No	None
Port Services Limited	Common directorship	No	No	None
Gujranwala Electric Power Company Limited	Common directorship	No	No	None
A.K. Infotech (Private) Limited	Common directorship	No	No	None
Select Pak (Private) Limited	Common directorship	No	No	None
Derbystar Sportartikel GMBH	Common directorship	No	No	None
Muhammad Tahir Butt	Chief Executive Officer	Yes	Yes	Not Applicable
Muhammad Avais Ibrahim	Ex-Chief Financial Officer	Yes	Yes	Not Applicable

30. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to executive of the Company is as follows:

	Executive	
	2022	2021
	Rupees	Rupees
Managerial remuneration	971,183	-
Allowances		
House rent	388,473	-
Utilities	97,118	-
	<u>1,456,774</u>	<u>-</u>
	<u>1</u>	<u>-</u>

Number of person

No remuneration was paid to chief executive officer and directors of the Company. Further, one executive has joined during the year whose annual basic salary is more than Rupees 1,200,000.

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31. NUMBER OF EMPLOYEES

Number of employees as at June 30

Permanent	6	7
Contractual	6	5

Average number of employees during the year

Permanent	6	7
Contractual	6	5

32. FINANCIAL RISK MANAGEMENT

32.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Currently, the Company is not exposed to currency risk because there are no receivables and payables in foreign currency at the reporting date.

(ii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

The risk arises when there is a mismatch in the financial assets and financial liabilities which are subject to interest rate adjustment within a specified period. The Company's interest rate risk arises mainly from net investment in finance lease, bank balances and

Interest rate gap is the common measure of interest rate risk. A positive gap occurs when more financial assets than financial liabilities are subject to rate changes during a prescribed period of time. A negative gap occurs when financial liabilities exceed financial assets subject to rate changes during a prescribed period of time.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2022 Rupees	2021 Rupees
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	9,658,989	8,763,509
Net investment in lease finance - net off potential lease losses	302,758,858	306,300,122
Financial liabilities		
Loans from related parties	-	10,000,000
Lease liability	-	1,071,068

Effective interest rates on these financial instruments are disclosed in the respective notes.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

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Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 3.124 million (2021: Rupees 3.040 million) lower / higher, mainly as a result of higher / lower interest income and expense on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at the reporting date were outstanding for the whole year.

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. Currently, the Company is not exposed to other price and commodity price risks.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is crucial for the Company's business, therefore management carefully manages its exposure to credit risk. The Company has established credit policies and procedures to manage credit exposure including evaluation of lease, credit worthiness, credit approvals, assigning credit limits, obtaining securities such as lien on title of leased assets, security deposits, personal guarantees and mortgages over properties. Further, exposure to credit risk is being managed through regular analysis of the ability of lessees and potential lessees to meet repayment obligations. The Company has clear policies in place to identify early warning signals and to initiate appropriate and timely remedial actions.

The maximum exposure to credit risk at the reporting date was as follows:

	2022 Rupees	2021 Rupees
Bank balances	14,624,715	12,651,040
Advances	246,000	415,000
Net investment in lease finance	302,758,858	306,300,122
Long term security deposits	2,500	373,500
	<u>317,632,073</u>	<u>319,739,662</u>

The Company is engaged primarily in leasing operations, therefore its credit risk arises mainly from net investment in lease finance. Classification of net investment in finance leases on the basis of lease neither past due nor impaired, other assets especially mentioned (OEAM), substandard, doubtful and loss is as follows:

Description	2022		2021	
	Personal Rupees	Corporate Rupees	Personal Rupees	Corporate Rupees
Net Investment in lease finance				
Neither past due nor impaired	123,447,319	81,073,312	95,509,162	84,674,219
OEAM - past due 90 - 179 days	897,990	-	536,682	-
Impaired				
Substandard - past due 180-364 days	-	-	2,637,125	-
Doubtful - past due more than one year and less than one and half year	-	-	-	-
Loss - past due more than one and half year	19,696,508	235,076,167	17,111,001	264,019,492
	<u>19,696,508</u>	<u>235,076,167</u>	<u>19,748,126</u>	<u>264,019,492</u>
Total	144,041,817	316,149,479	115,793,970	348,693,711
Less: Allowance for potential lease losses	7,426,074	150,006,364	6,234,238	151,953,321
Net Investment in lease finance - net off potential lease losses	<u>136,615,743</u>	<u>166,143,115</u>	<u>109,559,732</u>	<u>196,740,390</u>

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Rentals overdue by 90 days but less than 180 days are considered past due, but not impaired. Rescheduled leases have been monitored as per Non-Banking Finance Companies and Notified Entities Regulations, 2008 issued by Securities and Exchange Commission of Pakistan before setting to regular status. These cases are being kept under continuous review. Provision for potential lease losses is incorporated in the books of account on the basis of Regulation 25 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate. Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, after providing provision against doubtful receivables, credit risk is minimal.

The credit quality of balances with banks can be assessed with reference to external credit ratings of the banks:

	Rating			2022	2021
	Short Term	Long term	Agency	Rupees	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	21,774	21,774
State Bank of Pakistan	-	-	-	9,884	13,371
Askari Bank Limited	A1+	AA+	PACRA	14,379,684	9,839,881
First Women Bank Limited	A-2	A-	PACRA	-	7,286
Bank Al-Habib Limited	A-1+	AAA	PACRA	7,994	461,758
The Bank of Punjab	A1+	AA+	PACRA	33,952	32,452
Habib Bank Limited	A-1+	AAA	VIS	17,948	17,398
Meezan Bank Limited	A-1+	AAA	VIS	153,479	2,257,120
				<u>14,624,715</u>	<u>12,651,040</u>

(c) Concentration of risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organizations covering various industrial sectors and segments. Sector-wise break-up of lease portfolio is given below:

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i) Sector wise concentration of net investment in lease finance

Lease portfolio	2022		2021	
	Rupees	%	Rupees	%
Sectors				
Chemical, fertilizer and pharmaceuticals	19,635,085	4.27	20,064,964	4.32
Construction	4,806,039	1.04	4,806,039	1.03
Energy, oil and gas	11,067,898	2.41	11,067,898	2.38
Food, tobacco and beverage	7,113,645	1.55	7,413,645	1.60
Leather, footwear and tanneries	55,052	0.01	55,052	0.01
Paper and board	2,763,957	0.60	2,763,957	0.60
Rubber and plastic	23,168,465	5.03	34,926,601	7.52
Services	19,634,409	4.27	26,819,216	5.77
Steel, engineering and automobiles	6,120,933	1.33	12,375,491	2.66
Sugar and allied	6,552,728	1.42	6,552,728	1.41
Surgical	1,865,834	0.41	2,066,120	0.44
Textile and allied	79,967,723	17.38	102,001,004	21.96
Trading	9,242,494	2.01	13,586,492	2.93
Transport and communication	68,598,591	14.91	80,226,293	17.27
Individuals and other sectors	199,598,443	43.37	139,762,181	30.09
	<u>460,191,296</u>	<u>100</u>	<u>464,487,681</u>	<u>100</u>
Segment by public / private sector				
Public / Government	-	-	-	-
Private	460,191,296	100.00	464,487,681	100.00

ii) Geographical concentration of net investment in lease finance

The Company only does business within Pakistan and geographical exposure is within the country.

iii) Concentration of net investment in lease finance by type of customers

	2022 Rupees	2021 Rupees
Personal	144,041,817	115,793,970
Corporate	316,149,479	348,693,711
	<u>460,191,296</u>	<u>464,487,681</u>

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through credit facilities from related parties. At the reporting date, the company has Rupees Nil (2021: Rupees 15.00 million) available borrowing limits from related parties and Rupees 14.649 million (2021: Rupees 12.911 million) cash and bank balances. Management believes the liquidity risk to be manageable. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the

Contractual maturities of financial liabilities as at 30 June 2022:

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
-----Rupees-----						
Non-derivative financial liabilities						
Accrued and other liabilities	3,493,781	3,493,781	3,493,781	-	-	-
Unclaimed dividend	777,785	777,785	777,785	-	-	-
Loan from related parties	50,000,000	50,000,000	50,000,000	-	-	-
	<u>54,271,566</u>	<u>54,271,566</u>	<u>54,271,566</u>	<u>-</u>	<u>-</u>	<u>-</u>

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Contractual maturities of financial liabilities as at 30 June 2021:

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
-----Rupees-----						
Non-derivative financial liabilities						
Accrued and other liabilities	3,641,428	3,641,428	3,641,428	-	-	-
Unclaimed dividend	777,785	777,785	777,785	-	-	-
Lease liability	1,071,068	1,131,440	304,176	304,176	523,088	-
Loans from related parties	60,000,000	63,675,000	63,675,000	-	-	-
	<u>65,490,281</u>	<u>69,225,653</u>	<u>68,398,389</u>	<u>304,176</u>	<u>523,088</u>	<u>-</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June.

32.2 Financial instruments by categories

As at 30 June 2022

Financial assets as per statement of financial position

	Amortized cost
Cash and bank balances	14,649,145
Advances	246,000
Net investment in lease finance	302,758,858
Long term security deposit	2,500
	<u>317,656,503</u>

Financial liabilities as per statement of financial position

	Amortized cost
Accrued and other liabilities	3,493,781
Loan from related parties	50,000,000
Unclaimed dividend	777,785
	<u>54,271,566</u>

As at 30 June 2021

Financial assets as per statement of financial position

	Amortized cost
Cash and bank balances	12,910,945
Advances	415,000
Net investment in lease finance	306,300,122
Long term security deposit	373,500
	<u>319,999,567</u>

Financial liabilities as per statement of financial position

	Amortized cost
Accrued and other liabilities	3,641,428
Loans from related parties	60,000,000
Lease liability	1,071,068
Unclaimed dividend	777,785
	<u>65,490,281</u>

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32.3 Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

2022			
Financial assets	Non-financial assets	Assets as per statement of financial position	
-----Rupees-----			
Cash and bank balances	14,649,145	-	14,649,145
Advances and prepayment	246,000	268,054	514,054
Net investment in lease finance	302,758,858	-	302,758,858
Long term security deposit and prepayments	2,500	-	2,500
	<u>317,656,503</u>	<u>268,054</u>	<u>317,924,557</u>

2022			
Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position	
-----Rupees-----			
Accrued and other liabilities	3,493,781	984,624	4,478,405
Loan from related parties	50,000,000	-	50,000,000
Unclaimed dividend	777,785	-	777,785
	<u>54,271,566</u>	<u>984,624</u>	<u>55,256,190</u>

2021			
Financial assets	Non-financial assets	Assets as per statement of financial position	
-----Rupees-----			
Cash and bank balances	12,910,945	-	12,910,945
Advances and prepayment	415,000	704,777	1,119,777
Net investment in lease finance	306,300,122	-	306,300,122
Long term security deposit and prepayments	373,500	-	373,500
	<u>319,999,567</u>	<u>704,777</u>	<u>320,704,344</u>

2021			
Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position	
-----Rupees-----			
Accrued and other liabilities	3,641,428	634,757	4,276,185
Loans from related parties	60,000,000	-	60,000,000
Lease liability	1,071,068	-	1,071,068
Unclaimed dividend	777,785	-	777,785
	<u>65,490,281</u>	<u>634,757</u>	<u>66,125,038</u>

32.4 Offsetting financial assets and financial liabilities

As on reporting date, recognised financial assets and financial liabilities are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

33. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or sell assets to reduce debt. Consistent with others in the industry the Company monitors the capital structure on the basis of gearing ratio.

The ratio is calculated as borrowings divided by total capital employed. Borrowings represent loans from related parties. Total capital employed includes shareholders' equity plus borrowings. The gearing ratio as at year ended 30 June 2022 and 30 June 2021 is as follows:

		2022	2021
Borrowings	Rupees	50,000,000	60,000,000
Total equity	Rupees	57,934,990	62,098,572
Total capital employed	Rupees	<u>107,934,990</u>	<u>122,098,572</u>
Gearing ratio	Percentage	<u>46.32</u>	<u>49.14</u>

34. Maturities of assets and liabilities

	2022					
	TOTAL	UP TO ONE MONTH	OVER ONE MONTH TO ONE YEAR	OVER ONE YEAR TO FIVE YEAR	OVER FIVE YEAR	NON-FIXED MATURITIES
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Assets						
Cash and bank balances	14,649,145	14,649,145	-	-	-	-
Advances and prepayments	514,054	15,210	498,844	-	-	-
Sales tax recoverable	386,594	-	386,594	-	-	-
Net investment in finance lease	302,758,858	105,107,009	72,142,593	125,509,256	-	-
Long term security deposit and prepayments	2,500	-	-	-	-	2,500
Fixed assets	536,581	-	-	-	-	536,581
	<u>318,847,732</u>	<u>119,771,364</u>	<u>73,028,031</u>	<u>125,509,256</u>	<u>-</u>	<u>539,081</u>
Liabilities						
Loans from related parties	50,000,000	-	50,000,000	-	-	-
Accrued and other liabilities	4,478,405	4,478,405	-	-	-	-
Unclaimed dividend	777,785	777,785	-	-	-	-
Deposits on lease contracts	195,349,266	102,478,636	26,170,710	66,699,920	-	-
Deferred income tax	4,247,082	-	4,247,082	-	-	-
Employees' retirement benefit	1,718,642	-	-	-	-	1,718,642
Provision for taxation - net	4,341,562	-	4,341,562	-	-	-
	<u>260,912,742</u>	<u>107,734,826</u>	<u>84,759,354</u>	<u>66,699,920</u>	<u>-</u>	<u>1,718,642</u>
Net balance	<u>57,934,990</u>	<u>12,036,538</u>	<u>(11,731,323)</u>	<u>58,809,336</u>	<u>-</u>	<u>(1,179,561)</u>
Net assets	<u>57,934,990</u>					

Annual Report 2022

	2021					
	TOTAL	UP TO ONE MONTH	OVER ONE MONTH TO ONE YEAR	OVER ONE YEAR TO FIVE YEAR	OVER FIVE YEAR	NON FIXED MATURITIES
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Assets						
Cash and bank balances	12,910,945	12,910,945	-	-	-	-
Advances and prepayments	1,119,777	28,000	1,091,777	-	-	-
Sales tax recoverable	934,792	-	934,792	-	-	-
Net investment in lease finance	306,300,122	129,900,299	49,877,817	126,522,006	-	-
Long term security deposit and prepayments	373,500	-	-	371,000	-	2,500
Fixed assets	615,137	-	-	-	-	615,137
Right-of use asset	1,236,996	-	-	-	-	1,236,996
	<u>323,491,269</u>	<u>142,839,244</u>	<u>51,904,386</u>	<u>126,893,006</u>	<u>-</u>	<u>1,854,633</u>
Liabilities						
Loans from related parties	60,000,000	-	60,000,000	-	-	-
Accrued and other liabilities	4,276,185	4,276,185	-	-	-	-
Unclaimed dividend	777,785	777,785	-	-	-	-
Deposits on lease contracts	188,030,927	106,337,712	12,672,100	69,021,115	-	-
Lease liability	1,071,068	43,334	507,827	519,907	-	-
Deferred income tax liability	841,685	-	841,685	-	-	-
Employees' retirement benefit	1,922,719	-	-	-	-	1,922,719
Provision for taxation - net	4,472,328	-	4,472,328	-	-	-
	<u>261,392,697</u>	<u>111,435,016</u>	<u>78,493,940</u>	<u>69,541,022</u>	<u>-</u>	<u>1,922,719</u>
Net balance	<u>62,098,572</u>	<u>31,404,228</u>	<u>(26,589,554)</u>	<u>57,351,984</u>	<u>-</u>	<u>(68,086)</u>
Net assets	<u>62,098,572</u>					

35. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

36. SEGMENT INFORMATION

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the Company has been identified as the chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Company's entire product portfolio and considers the business to have a single operating segment. The Company's asset allocation decisions are based on a single integrated investment strategy and the Company's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

37. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company have not proposed any appropriations in their meeting held

38. DATE OF AUTHORIZATION


These financial statements have been authorized for issue by the Board of Directors of the Company on September 30, 2022.

39. CORRESPONDING FIGURES


Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made in these financial statements.

40 General

Figures have been rounded off to the nearest of Rupee unless otherwise stated.


MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE


(KHURRAM ANWAR KHAWAJA)
DIRECTOR


WAQAS ALI
CHIEF FINANCIAL OFFICER

Annual Report 2022

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2022

Grays Leasing Limited

As On: June 30, 2022

2.3 Categories of Shareholder	Folios	Physical	CDC	Share held	Percentage
<u>2.3.1 - Directors, CEO, Their Spouse and Minor Childern</u>	13	1,300,589	3,176,975	4,477,564	20.83
<u>2.3.2 - Associated Companies, Undertakings & Related Parties</u>	2	3,739,603	7,999,999	11,739,602	54.60
<u>2.3.8 - A. General Public (Local)</u>	397	3,662,279	1,441,203	5,103,482	23.74
<u>2.3.8 - B. General Public (Foreigner)</u>	3	26,736	4,000	30,736	0.14
<u>2.3.9 - A. Other Companies (Local)</u>	5	111,111	37,505	148,616	0.69
	420	8,840,318	12,659,682	21,500,000	100.00

Shareholders More Than 10.00%			
GOC (PAK) LIMITED	1	7,999,999	37.21
Anwar Khawaja Industries (Pvt) Limited	1	3,739,603	17.39

Grays Leasing Limited

The Companies ACT, 2017
The Companies (General Provisions and Forms) Regulations,
2018[Section 227(2)(f)]
Pattern of Shareholding

Summary
Form - 34

PART -I

1.1 Name of The Company

Grays Leasing Limited

PART -II

2.1 Pattern of Holding of the Shares held by the Shareholders as at :June 30, 2022

2.2

No. of Shareholders	Shareholding		Total Shares held
	From	To	
67	1	100	1,412
57	101	500	22,892
104	501	1,000	80,003
83	1,001	5,000	230,412
33	5,001	10,000	240,248
11	10,001	15,000	127,288
8	15,001	20,000	143,647
11	20,001	25,000	246,257
4	25,001	30,000	110,794
3	30,001	35,000	98,833
3	35,001	40,000	115,000
2	40,001	45,000	86,000
1	45,001	50,000	50,000
2	50,001	55,000	102,500
3	55,001	60,000	173,888
1	60,001	65,000	64,666
1	65,001	70,000	67,000
4	95,001	100,000	387,025
1	100,001	105,000	103,000
2	110,001	115,000	222,221
1	115,001	120,000	116,435
1	120,001	125,000	120,400
3	135,001	140,000	417,350
1	180,001	185,000	181,666
1	225,001	230,000	228,086
1	255,001	260,000	258,000
1	285,001	290,000	288,510
1	310,001	315,000	311,524
1	330,001	335,000	334,312
1	350,001	355,000	351,574
1	475,001	480,000	476,312
1	575,001	580,000	575,840
1	1,065,001	1,070,000	1,065,952
1	1,130,001	1,135,000	1,131,018
1	1,230,001	1,235,000	1,230,333
1	3,735,001	3,740,000	3,739,603
1	7,995,001	8,000,000	7,999,999
420			21,500,000

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GRAYS LEASING LTD.

27TH ANNUAL GENERAL MEETING

FORM OF PROXY

This form of Proxy, in order to be effective, must be completed and deposited at the Company's registered office at 701-A, 7th Floor, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.

I/We _____

of _____ being a member of **GRAYS LEASING LTD.**

Registered at Folio No. _____ and / or CDC participant I.D. No. _____ and sub account No. _____

holder of _____

Ordinary shares hereby appointed Mr./Mrs./Miss _____

who is also a member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf in the annual general meeting of the Company at 701-A, 7th Floor, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore on October 27, 2022 at 10:00 a.m or at any adjournment thereof.

As witness my/our hand this _____ day of 2022.

Signed by the said _____ in the presence of _____

Date _____ (Member's Signature)

Affix Rs. 50/- revenue stamp which must be canceled either by signature over it or by some other means

Place _____ (Witness Signature)

Annual Report 2022

پراکسی فارم (مختار نامہ)
سیکرٹری
گریز لیننگ لمیٹڈ
۷۰-اے، ساتویں منزل، سٹی ٹاورز،
مین بلیوارڈ، گلبرگ-۱۱، لاہور

میں اہم
ساکن
بجائے رکن گریز لیننگ لمیٹڈ اور حامل
عام حصص برطانیق شیئر رجسٹر فو لیو نمبر
(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر
پارٹیسپنٹ (شرکت) آئی ڈی نمبر) (بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر
پارٹیسپنٹ (شرکت) آئی ڈی نمبر)
بذریعہ ہذا
محترم/محترمہ
ساکن
جو کمپنی کا ممبر ہے برطانیق شیئر رجسٹر فو لیو نمبر
(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر
پارٹیسپنٹ (شرکت) آئی ڈی نمبر) یا اسکی غیر موجودگی میں محترم/محترمہ
ساکن
جو کمپنی کا ممبر ہے برطانیق شیئر رجسٹر فو لیو نمبر
(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر
پارٹیسپنٹ (شرکت) آئی ڈی نمبر) کو
مورخہ 27 اکتوبر 2022ء کو منعقد ہونے والے کمپنی کے 27 ویں سالانہ اجلاس عام (۷۰-اے، ساتویں منزل، سٹی ٹاورز، مین بلیوارڈ، گلبرگ-۱۱، لاہور) میں حق رائے دہی استعمال کرنے، تقریر اور
شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

50 روپے کارسیدی ٹکٹ
چسپاں کریں

دستخط..... آج بروز..... بتاریخ..... 2022ء

دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے
مطابق ہونے چاہئیں

ممبر کے دستخط

تاریخ

گواہ کے دستخط

جگہ



GRAYS LEASING LIMITED.

REGISTERED AND HEAD OFFICE

701-A, 7th Floor, City Towers

6-K, Main Boulevard, Gulberg-II, Lahore

Tel : (042) 3577081-2

Fax : (042) 35770389