



**Capital Assets Leasing  
Corporation Limited**

**27<sup>th</sup> Annual Report 2019**

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**CORPORATE INFORMATION**

<b>Board of Directors:</b>	Mr. Haider Ali Hilaly Mr. Saad Saeed Faruqui Mr. Shahrukh Saeed Faruqui Mr. Brig (R) Yasub Ali Dogar Mr. Azam Adnan Khan Ms. Sana Shahzad Mr. Tahir Sohail	(Chairman)
<b>Audit Committee:</b>	Ms. Brig (R) Yasub Ali Dogar Mr. Shahrukh Saeed Faruqui Mr. Tahir Sohail	(Chairman) (Member) (Member)
<b>HR &amp; Remuneration Committee:</b>	Mr. Brig (R) Yasub Ali Dogar Mr. Irfan Ahmad Mr. Haider Ali Hilaly	
<b>Chief Executive Officer:</b>	Mr. Irfan Ahmad	
<b>CFO &amp; Company Secretary:</b>	Ms. Shomaila Siddiqui	
<b>Head of Internal Audit:</b>	Mr. Ajaz Muhammad	
<b>Registrar &amp; Share Transfer Office:</b>	F. D. Registrar Services (SMC-Pvt.) Limited 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road Karachi. Tel: +92 (21) 32271905-6 Fax +92 (21) 32621233	
<b>Auditors:</b>	Baker Tilly Mehmood Idrees Qamar, Chartered Accountants	
<b>Legal Advisor:</b>	Mohsin Tayebaly & Co.	
<b>Bankers:</b>	JS Bank Limited	
<b>Registered Office:</b>	D-131/A, Block 4, Clifton, Karachi Tele: +92 (21) 38771130 E-mail: calcorp@optimus.com.pk Web: www.calcorp.com.pk	

## **VISION / MISSION STATEMENTS CAPITAL ASSETS LEASING CORPORATION LIMITED**

### **VISION STATEMENT**

To become a leading Leasing Company by making a sizeable contribution to the development and growth of the Country's economy, by providing financial and technical assistance to our customers, combined with innovative ideas and services, thus enabling the customers and the Company to achieve their objectives.

### **MISSION STATEMENT**

To achieve the role of a leading Leasing Company by delivering quality service at competitive rates to its customers whilst maintaining the highest levels of professionalism, ethical standards and corporate individuality, thereby also rewarding the shareholders, employees, and other stakeholders.

## NOTICE OF 27<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that 27th Annual General Meeting of Capital Assets Leasing Corporation Limited (the "Company") will be held on Monday 28th October 2019 at 06:15 p.m. at Haji Abdullah Haroon Muslim Gymkhana Old Lobby, Near Shaheen Complex Karachi to transact the following business:

1. To confirm the minutes of 26th Annual General Meeting for the Year ended 30th June 2018.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2019
3. To appoint Auditors for the next financial year ending June 30, 2020 and fix their remuneration. The present Auditors, M/s Baker Tilly Mehmood, Idrees, Qamar, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
4. To transact any other business with the permission of the chair.

Karachi: October 07, 2019

**By the Order of the Board**  
**Shomaila Siddiqui**  
**Company Secretary**

### Notes:

1. The share transfer book of the Company will remain closed from 21st October 2019 to 28th October 2019 (both days inclusive). Transfers received in order by our Shares Registrar, F.D Registrar Services (SMC-PVT) Limited, 17th Floor, Saima Trade Tower-A, I.I Chundrigar Road. Karachi at the close of business on October 20, 2019 will be considered in time to attend and vote at the meeting.
2. Any member of the Company entitled to attend and vote at the Annual General Meeting may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies must be received at the Registered Office of the Company, D-131/A, Block 4, Clifton, Karachi not later than 48 hours before the time of holding the meeting.
3. Members who have deposited their shares into Central Depository Company of Pakistan Limited must bring their original Computerized National Identity Card (CNIC) or Original Passport at the time of attending the meeting. If proxies are granted by such shareholders the same must be accompanied with attested copies of the CNIC or the Passport of the beneficial owners. Additionally, (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form; (ii) Attested copies of CNIC or the passport of the proxy shall be furnished with the proxy form; and (iii) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
4. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting. If proxies are granted by such corporate shareholders the same must be accompanied with the Board of Directors' resolution/power of attorney with specimen signatures.
5. Members who have not yet submitted photocopy of their CNIC are requested to send the same to the share Registrar of the Company F.D Registrar Services (SMC-PVT) Limited, 17th Floor, Saima Trade Tower-A, I.I Chundrigar Road. Karachi at the earliest
6. Members are requested to immediately notify the Company of change in their addresses, if any.

## CHAIRMAN'S REVIEW REPORT

The Board of Directors of Capital Assets Leasing Corporation Limited contributed effectively in guiding the Company in all its affairs and the Board has played a key role in monitoring the performance of the Management to focus on major areas.

For the Financial Year ended June 30, 2019, the Board's overall performance and effectiveness has been considered as satisfactory.

The Board of Directors of your Company received the agenda and supporting written material including follow up material in sufficient time prior to the Board and its Committee meetings. The Board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent Directors are equally involved in all decisions.

On behalf of the Board of Directors, I would like to express my gratitude to all the shareholders for their continued support and confidence. I also wish to acknowledge the contribution of all employees of the Company for their concerted efforts.

Chairman

Karachi: 7<sup>th</sup> October 2019

## DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the 27<sup>th</sup> annual report along with the audited accounts of Capital Assets Leasing Corporation Limited for the year ended June 30th, 2019.

### FINANCIAL HIGHLIGHTS

Key operating results for the year ended June 30th 2019 and their comparison with the results of the previous year is summarized below:

	Rupees	
	2019	2018
<b>Total Income</b>	58,646,674	64,460,333
<b>Expenses</b>		
Operating Expenses	(16,627,396)	(8,234,019)
Financial Charges	(14,639,994)	(15,465,963)
<b>Total Expenses</b>	(31,267,390)	(23,699,982)
<b>Profit before tax</b>	<b>27,379,284</b>	<b>40,760,351</b>
Taxation	(7,231,910)	(6,966,676)
<b>Profit after taxation</b>	<b>20,147,374</b>	<b>33,793,675</b>
Earnings Per Share	<b>1.88</b>	<b>3.15</b>

### REVIEW OF OPERATIONS

The Company transacted business worth Rupees 58.6 million in 2019 compared to Rupees 64.5 million in the previous year. The decline in total income is due to lower gains on disposal of Property, Plant and Equipment of Rupees 8.2 million in 2019 compared to Rupees 18.3 million in 2018. The decline in gain from disposals is partially offset by the growth in core income from vehicle plying for hire, which has increased from Rupees 43.7 million in 2018 to Rupees 50.4 million in 2019.

Moreover, during the year, the Company has strengthened its management team with a view to extending into new areas of business to grow the business and enhance shareholder returns. This has resulted in an increase in administrative expenses of Rupees 8.4 million. The increase in administrative expenses, coupled with lower income from disposals, has resulted in a decline in operating and net profit for 2019 to Rupees 27.4 million and Rupees 20.1 million respectively compared to Rupees 40.8 million and Rupees 33.8 million respectively in 2018.

### FUTURE OUTLOOK

During the year, the Company has strengthened its management team in order to capitalize on market opportunities to grow the Company's operations. The additions to management are expected to contribute positively over subsequent periods.

The management had applied for a leasing license as a non-deposit taking leasing company and SECP had declined this request on the grounds of the fit and proper criteria. The Company has filed a petition against the Securities and Exchange Commission of Pakistan in The Honorable High Court of Sindh in Karachi. The Honorable High Court of Sindh has directed the Securities and Exchange Commission of Pakistan to maintain the status-quo and has restrained the Pakistan Stock Exchange from taking any action stemming from the SECP's actions. The Company believes that the SECP's decision is inconsistent with the Company's status and is actively seeking a review.

#### **DIVIDEND**

The Company has not announced a dividend for the current year as the management intends to strengthen the equity base of the Company and is therefore accumulating equity reserves.

#### **CHANGE IN BOARD OF DIRECTORS**

During the year Mr. Asad Nasir, Ms. Marium Abid Shirazee and Ms. Rabia Fida resigned from the Board and the Board accepted their resignations. Mr. Azam Adnan Khan, Ms. Sana Shahzad and Mr. Tahir Sohail were appointed to fill the casual vacancies.

#### **CORPORATE GOVERNANCE**

The Board of Directors is committed to uphold the highest standards of corporate governance. The Company has implemented the provisions of the Code of Corporate Governance. A review report on compliance with best practices of the Code of Corporate Governance by the statutory auditors is annexed with the Annual Report.

#### **DIRECTORS DECLARATION**

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance for the following:

- i) The financial statements prepared by the management of the Company present fairly its statement of affairs, the results of its operations, comprehensive income, cash flows and changes in equity;
- ii) Proper books of accounts of the company have been maintained;
- iii) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- iv) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained;
- v) The system of internal control is sound in design and has been effectively implemented and monitored;
- vi) There are no significant doubts upon the Company's ability to continue as going concern;
- vii) There has been no material departure from the best practice of Corporate Governance as detailed in the Listing Regulations;



viii) Key operating and other financial data for the last six years in summarized form is included in the Annual Report;

ix) During the current fiscal year, the following directors traded in the shares of the Company:

Mr. Azam Adnan Khan	500 Shares
Ms. Sana Shahzad	500 Shares
Mr. Tahir Sohail	500 Shares
Mr. Asad Nasir	500 Shares
Ms. Marium Abid Shirazee	500 Share

x) Three meetings of the Board of Directors were held during the year. The attendance for these meetings was as follows:

S. No	Name of Director	Meetings Attended
1	Mr. Asad Nasir	2
2	Mr. Saad Saeed Faruqui	3
3	Mr. Shahrukh Saeed Faruqui	4
4	Mr. Haider Ali Hilaly	4
5	Mr. Brig (R.) Yasub Ali Dogar	3
6	Ms. Marium Abid Shirazee	1
7	Ms. Rabia Fida	2
8	Mr. Azam Adnan Khan	2
9	Ms. Sana Shahzad	1
10	Mr. Tahir Sohail	1

Leave of absence was granted to Directors who could not attend the Board meeting.

#### **PARENT COMPANY**

Optimus Limited holds 83.95% of the shareholding in the company.

#### **AUDITORS**

The present auditors M/s Baker Tilly Mehmood Idress Qamar, Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ending June 30, 2020. On the proposal of the Audit Committee, The Board recommends the appointment of M/s Baker Tilly Mehmood Idress Qamar, Chartered Accountants, as statutory auditors of the Company for the financial year 2020.

#### **PATTERN OF SHAREHOLDING**

The pattern of shareholding of the company as on June 30, 2019 is annexed with this report.

**ACKNOWLEDGEMENT**

We take this opportunity to place on record our appreciation to the Securities and Exchange Commission of Pakistan, the Pakistan Stock Exchange Limited and other regulatory authorities for their continued support and professional guidance, and the shareholders for the trust and confidence reposed in us.

We would also like to place on record, our thanks and appreciation to the staff for their commitment and dedication in running the Company's operations.

**For and on behalf of the Board of Directors  
Capital Assets Leasing Corporation Limited**

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**Chief Executive Officer**

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**Director**

Karachi - 7<sup>th</sup> October 2019

## ڈائریکٹرز رپورٹ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے کیپٹل ایسٹس لیزنگ کارپوریشن لمیٹڈ کی 27 ویں سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس برائے سال مختتمہ 30 جون، 2019 پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

مالیاتی جھلکیاں:

بنیادی آپریٹنگ نتائج برائے سال مختتمہ 30 جون 2019 اور اس کے گزشتہ سال کے نتائج کے ساتھ موازنے کا خلاصہ درج ذیل ہے۔

2018	2019	
64,460,333	58,646,674	کل آمدنی
		اخراجات:
(8,234,019)	(16,627,396)	آپریٹنگ اخراجات
(15,465,963)	(14,639,994)	مالیاتی چارجز
(23,699,982)	(31,267,390)	کل اخراجات
<b>40,760,351</b>	<b>27,379,284</b>	منافع قبل از ٹیکس
(6,966,676)	(7,231,910)	ٹیکسیشن
<b>33,793,675</b>	<b>20,147,374</b>	منافع بعد از ٹیکس
<b>3.15</b>	<b>1.88</b>	آمدنی فی شیئر

### آپریٹنگ کا جائزہ

کمپنی نے 2019 میں 58.6 ملین روپے کا کاروباری لین دین کیا جب کہ اس کے مقابلے میں گزشتہ سال 64.5 ملین روپے کا کاروبار ہوا تھا۔ مجموعی آمدنی میں کمی کا سبب 2019 میں جائیداد، پلانٹ اور سامان کی فروخت سے حاصل ہونے والی 8.2 ملین روپے کی رقم تھی جب کہ 2018 میں اس مد میں 18.3 ملین روپے کی رقم حاصل ہوئی تھی۔ ڈسپوزل کے ذریعہ حاصل ہونے والی رقم میں کمی کو کرائے پر چلنے والی گاڑیوں سے حاصل ہونے والی بنیادی آمدنی نے پورا کیا جو 2018 میں 43.7 ملین روپے تھی اور 2019 میں 50.4 ملین روپے ہوئی۔ اس کے علاوہ رواں سال کے دوران کمپنی نے کاروبار کو وسعت دینے کیلئے نئے شعبہ جات کو شامل کرنے اور اپنے شیئر ہولڈرز کی آمدنی کو بڑھانے کی غرض سے اپنی منجمنٹ ٹیم کو مضبوط کیا۔ اس کے نتیجے میں انتظامی اخراجات میں 8.4 ملین روپے کا اضافہ ہوا۔ انتظامی اخراجات میں اس

اضافے کے ساتھ ساتھ ڈسپوزل سے حاصل ہونے والی کم آمدنی کے سبب 2019 میں آپریٹنگ اور خالص منافع بالترتیب 27.4 ملین روپے اور 20.1 ملین روپے رہا جب کہ 2018 میں یہ بالترتیب 40.8 ملین روپے اور 33.8 ملین روپے تھا۔  
مستقبل کے امکانات

سال کے دوران میں کمپنی نے اپنے دائرہ عمل میں اضافہ کیلئے مارکیٹ میں موجود مواقع میں سرمایہ کاری کی غرض سے اپنی منجمنٹ ٹیم کو مستحکم کیا۔ توقع کی جاسکتی ہے کمپنی کے اس اقدام سے آنے والے ماہ و سال میں مثبت نتائج برآمد ہوں گے۔  
منجمنٹ نے ڈپازٹ نہ لینے والی لیزنگ کمپنی کے طور پر لیزنگ لائسنس کی درخواست دی تھی جسے SECP نے مسترد کر دیا تھا اور اس کی وجہ نا مناسب حیثیت اور معیار کو قرار دیا گیا ہے۔ کمپنی نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے خلاف کراچی میں سندھ کی معزز عدالت عالیہ میں پٹیشن داخل کی تھی اور معزز عدالت عالیہ سندھ نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو یہ ہدایت جاری کی ہے کہ صورتحال کو برقرار رکھا جائے اور پاکستان اسٹاک ایکسچینج کو پابند کیا کہ وہ SECP کی کارروائیوں پر کسی بھی کارروائی سے گریز کرے۔ کمپنی پر اعتماد ہے کہ SECP کا فیصلہ کمپنی کی حیثیت کے برخلاف ہے اور کمپنی اس پر نظر ثانی کی امید رکھتی ہے۔

#### ڈیویڈنڈ

رواں سال کیلئے کسی ڈیویڈنڈ کا اعلان نہیں کیا گیا ہے کیونکہ انتظامیہ کی کوشش ہے کہ ایکویٹی کی بنیاد کو مضبوط کرنے کے لیے ریزرو جمع کئے جائیں۔

#### بورڈ آف ڈائریکٹرز کی تبدیلی

سال رواں میں بورڈ آف ڈائریکٹرز نے جناب اسد ناصر، مس مریم عابد شیرازی اور رابعہ فدا کے استعفیے منظور کئے اور استعفیوں کے نتیجے میں خالی ہونے والی اسامیوں کو پر کرنے کے لئے فوری طور پر بالترتیب جناب اعظم عدنان خان، مس ثناء شہزاد اور جناب طاہر سہیل کا تقرر کیا گیا۔

#### کارپوریٹ گورننس

بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کے اعلیٰ ترین معیار کو قائم رکھنے کے عزم پر کاربند ہے۔ کمپنی نے کوڈ آف کارپوریٹ گورننس کے پروویژن کو بھی نافذ کیا ہے۔ کوڈ آف کارپوریٹ گورننس کے بہترین معمولات کی پیروی کے بارے میں قانونی آڈیٹرز کی جائزہ رپورٹ، سالانہ رپورٹ کے ساتھ منسلک ہے۔

#### ڈائریکٹرز کا اعلان

ڈائریکٹرز درج ذیل کے بارے میں کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر عمل درآمد کی تصدیق کرتے ہیں  
i. کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹ میں کمپنی کے معاملات، اس کے آپریٹرز کے نتائج، جامع آمدنی، نقد قومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔

- .ii کمپنی کے حساب کتاب اور کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- .iii مالیاتی اسٹیٹمنٹ اور حسابات کے تخمینہ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے۔ اور حسابات کے تخمینوں میں معقولیت اور دانائی پر مبنی فیصلے کئے گئے ہیں۔
- .iv مالیاتی اسٹیٹمنٹ، پاکستان میں لاگو اور موثر بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پر تیار کئے گئے ہیں اور کہیں ان سے انحراف ہے تو اس کو مناسب طور پر ظاہر اور واضح کیا گیا ہے۔
- .v داخلی کنٹرول کا نظام ڈیزائن کے اعتبار سے محفوظ ہے اور اس کے نفاذ اور نگرانی کا کام موثر طریقے سے کیا گیا ہے۔
- .vi کمپنی کو موجودہ صلاحیت میں کام جاری رکھنے میں کوئی ابہام نہیں ہے۔
- .vii لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کے بہترین اصولوں سے کوئی حقیقی انحراف نہیں کیا گیا۔
- .viii گزشتہ چھ سال کی بنیادی آپریٹنگ اور دیگر مالیاتی معلومات مختصر طور پر منسلک کی گئی ہیں۔
- .ix موجودہ مالیاتی سال کے دوران میں درج ذیل ڈائریکٹرز صاحبان نے کمپنی کے شیئرز کا کاروبار کیا:

500 شیئرز	جناب اعظم عدنان خان
500 شیئرز	مس ثناء شہزاد
500 شیئرز	جناب طاہر سہیل
500 شیئرز	جناب اسد ناصر
500 شیئرز	مس مریم عابد شیرازی

سال کے دوران میں بورڈ آف ڈائریکٹرز کے تین اجلاس منعقد ہوئے جن میں حاضریاں درج ذیل کے مطابق رہیں:

2	جناب اسد ناصر	1
3	جناب سعد سعید فاروقی	2
4	جناب شاہ رخ سعید فاروقی	3
4	جناب حیدر علی ہلالی	4
3	جناب بریگیڈیئر (ر) یعسوب علی ڈوگر	5
1	مس مریم عابد شیرازی	6
2	مس رابعہ فدا	7
2	جناب اعظم عدنان خان	8
1	مس ثناء شہزاد	9
1	جناب طاہر سہیل	10

جوڈائریٹرز بورڈ کے اجلاس میں شرکت نہ کر سکے ان کی غیر حاضری کیلئے چھٹی کی درخواست منظور کر دی گئیں۔

سرپرست کمپنی

اوپٹیمس لمیٹڈ (Optimus Ltd.) کمپنی کے 83.95% حصص کی مالک ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز بیکر ٹلی محمود ادریس قمر، چارٹرڈ اکاؤنٹنٹس مستعفی ہونے کے بعد دوبارہ اہل ہونے کی بنیاد پر خود کو مالی سال مختتمہ 30 جون 2020 کے لئے دوبارہ تقرری کیلئے پیش کیا ہے۔ آڈٹ کمیٹی کی تجویز پر بورڈ نے مالی سال 2020 کے لئے میسرز بیکر ٹلی محمود ادریس قمر، چارٹرڈ اکاؤنٹنٹس کی قانونی آڈیٹرز کے طور پر تقرری کی سفارش کی ہے۔

شیئرز ہولڈنگ کا طرز

30 جون 2019 کے مطابق کمپنی کے شیئرز ہولڈنگ کا طرز، رپورٹ کے ساتھ منسلک کر دیا گیا ہے۔

اعتراف

ہم اس موقع پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج لمیٹڈ اور دیگر ریگولیٹری اتھارٹیز سے ان کے مسلسل تعاون اور پیشہ ورانہ رہنمائی اور شیئرز ہولڈرز کے ہم پر بھروسے اور بھرپور اعتماد پر ان کا شکریہ ادا کرتے ہیں۔ اور ہم اپنے اسٹاف کے بھی ممنون اور شکر گزار ہیں جنہوں نے اپنے عزم اور خلوص کے ساتھ کمپنی کے آپریشنز کو کامیاب طریقہ سے ممکن بنایا۔

برائے اور منجانب بورڈ آف ڈائریٹرز

کیپٹل ایسٹس لیزنگ کارپوریشن لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی۔ 7 اکتوبر 2019

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES  
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017**

**NAME OF COMPANY : CAPITAL ASSETS LEASING CORPORATION LIMITED**  
**YEAR ENDED : JUNE 30<sup>th</sup>, 2019**

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

1. The total number of Directors are 7, as per following:-

Male	Six (6)
Female	One (1)

2. The composition of board is as follows:

Category	Names
Non-Executive Directors	Mr. Saad Saeed Faruqi
	Mr. Shahrukh Saeed Faruqi
	Mr. Haider Ali Hilaly
	Mr. Azam Adnan Khan
	Ms. Sana Shahzad
Independent Director	Mr. Brig (R) Yasub Ali Dogar
	Mr. Tahir Sohail

Mr. Irfan Ahmed is the Chief Executive of the Company. Being the Chief Executive of the Company, he is deemed to be a Director.

The independent Director meets the criteria of independence as laid down under the Code and the Regulations.

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
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. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. However, currently no director has been charging any fee or remuneration.

9. The Board has not arranged Directors' Training program during the year. During the year, three directors were appointed to the board and will be required to acquire director training program within one year of the date of appointment. Moreover, following two directors have obtained their training during previous years:
- Mr. Saad Saeed Faruqui; and
  - Mr. Shahrukh Saeed Faruqui.

10. The board has approved appointment of Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO 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. Brig (R) Yasub Ali Dogar	Chairman
Mr. Shahrukh Saeed Faruqui	Member
Mr. Tahir Sohail	Member

b) HR and Remuneration Committee

Mr. Brig (R) Yasub Ali Dogar	Chairman
Mr. Irfan Ahmad	Member
Mr. Haider Ali Hilaly	Member

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

14. Four Audit Committee meetings were held during the year and Human Resource and Remuneration Committee meeting was held twice during the year.

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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with except the position of company secretary and chief financial officer was held simultaneously by the same individual. The Board is taking measures to segregate roles and responsibilities.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chairman



## **TO THE MEMBERS OF CAPITAL ASSETS LEASING CORPORATION LIMITED REVIEW REPORT ON STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of **Capital Assets Leasing Corporation Limited** (the Company), for the year ended June 30, 2019 in accordance with the requirements of regulation 40 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 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approvals of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

We draw attention to point no. 18 to the attached statement of compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017 where instance of non-compliance with the Regulation has been explained.

**Engagement Partner: Muhammad Aqeel Ashraf Tabani**

Karachi.

Date: 7<sup>th</sup> October 2019

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPITAL ASSETS LEASING CORPORATION LIMITED**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the annexed financial statements of CAPITAL ASSETS LEASING CORPORATION LIMITED (the Company), which comprise of the statement of financial position as at June 30, 2019, and the statement of comprehensive income, the statement of changes in equity, the cash flow statement 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, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the cash flow statement 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) along with Part VIIIA of the repealed Companies Ordinance, 1984, 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), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit, the changes in equity and its cash flows for the year then ended.

#### **Basis for Opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter**

We draw attention to note 1.2 to the accompanying financial statements which describes that the leasing license of the company had expired and not renewed by the Securities and Exchange Commission of Pakistan under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, due to company's capital being below minimum capital required for a Non-Banking Financial Company (a leasing company licensed under the Non-Banking Companies and Notified Entities Regulation, 2008). The Company has not advanced any lease facility since April 2008. However, the Company applied for license to operate as non-deposit taking leasing company as per SRO 1160 of 2015.

During the year, the Securities and Exchange Commission of Pakistan has declined to approve the application for license on November 06, 2018 and, in response thereof, the Pakistan Stock Exchange issued notice to the Company to provide the Company with an opportunity of being heard before taking any action under clauses 5.11.1(j)/ 5.11.2(c) of PSX Regulation regarding suspension of business operations in principle line of business.

The Company has filed a petition against Securities and Exchange Commission of Pakistan in the Honorable High Court of Sindh at Karachi dated November 27, 2018. The Honorable High Court of Sindh in its Order dated November 27, 2018 has (i) directed the Securities and Exchange Commission of Pakistan to "maintain status-quo"; and (ii) restrained Pakistan Stock Exchange "from acting any further pursuant to Letter dated 14 November 2018". Our opinion is not modified in respect of this matter.

**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.

Following are the Key audit matters:

1. Capitalization of Property, Plant and Equipment	
Key audit matters	How the matter was addressed in our audit
<p>The company continues to invest significantly in Property, plant and equipment constituting 57.08% (2018: 65.98%) of total assets with capital expenditure of Rs.61.056 million during the year ended June 30, 2019, as detailed in note 12 to the financial statements, of which Rs. 11.889 million and Rs. 49.007 million pertain to the motor vehicles held under Musharakah and motor vehicles plying for hire respectively.</p> <p>This significant level of capital expenditure requires consideration of the nature of costs incurred to ensure that capitalization of property, plant and equipment meets the specific recognition criteria in IAS 16, 'Property, Plant and Equipment' (IAS 16), the application of the directors' judgment in assigning appropriate useful economic lives and residual values. As a result, this was noted as a key audit matter, with the risk focused on these additions to the property, plant and equipment, where the risk of material misstatement was deemed higher as a result of the complexity of the specific application of recognition criteria.</p>	<p>We obtained an understanding of the design and implementation of management controls over capitalization and performed tests of control over authorization of capital expenditure.</p> <p>We tested controls in place over the fixed asset cycle, evaluated the appropriateness of capitalization policies and performed tests of details on assets capitalized. There were no exceptions noted from our testing.</p> <p>Our audit work included assessing the nature of property, plant and equipment capitalized by the Company to test the validity of amounts capitalized and evaluating whether assets capitalized meet the recognition criteria set out in IAS 16.</p> <p>We considered whether capitalization of assets ceased when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by the Company and that a consistent approach was applied by the Company across all significant operations.</p> <p>We discussed the useful economic lives and residual value assigned with reference to the Company's historical experience, our understanding of the future utilization of assets by the Company and by reference to the depreciation policies applied by third parties operating similar assets.</p> <p>The capitalization of assets in the year, the residual value assigned, and the useful economic lives assigned were assessed to be appropriate based on the evidence obtained. We did not identify any assets capitalized in prior years where we considered the useful economic lives originally assigned needed revision in the year.</p>

<b>2. Transactions with a related party</b>	
<b>Key audit matters</b>	<b>How the matter was addressed in our audit</b>
<p>Optimus Limited (holding 83.96% equity interest in the Company) is a single customer of the Company. During the year ended 30 June 2019, the revenue earned by the Company from its business with Optimus Limited amounts to Rs. 101.6 million which constitutes approximately 100% of the total revenue of the Company.</p> <p>Transactions with Optimus Limited also include disposals to and purchases from Optimus Limited of vehicles amounted to Rs. 81.087 million (2018: Rs.43.688 million) and Rs. 46.733 million (2018: Rs. 42.133 million) respectively during the year.</p> <p>While the above related party transactions are undertaken in the normal course of business, the pricing mechanism may potentially impact the operating results of the Company in a significant manner.</p> <p>Accordingly, due to the significant impact and volume of transactions with Optimus Limited (a related party), we have considered it to be a key audit matter.</p> <p>The transactions with Optimus Limited and the other related balances with such party are disclosed in notes 12, 21.1 and 27 to the accompanying financial statements.</p>	<p>Our key audit procedures with respect to related party transactions with Optimus Limited included review of the agreements with Optimus Limited which sets out the terms and conditions of such transactions and also pricing mechanism to be followed for the same, obtaining confirmation from Optimus Limited for transactions and balance at the year end, approval of the said agreement and the pricing policies by the Board of Directors of the respective companies, and compliance with the relevant requirements of the Companies Act and Code of Corporate Governance Regulations with respect to such related party transactions.</p> <p>We also evaluated the appropriateness of the accounting and disclosures of such related party transactions in accordance with the requirements of the applicable financial reporting standards. In doing so, we considered the adequacy and the relevance of the information disclosed in the financial statements to comply with the requirements of 'IAS 24 -Related Party Disclosures'.</p>

### **Information other than the Financial Statements and Auditor's Report thereon**

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's report, but does not include the financial statements of the company 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. We have nothing to report in this regard.

**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) along with Part VIII A of the repealed Companies Ordinance, 1984, 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) 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 is 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**

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 comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) along with Part VIII A of the repealed Companies Ordinance, 1984, 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) 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 **Muhammad Aqeel Ashraf Tabani**.

Karachi.

Date: 7<sup>th</sup> October 2019

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	Note	June 2019 (Rupees)	June 2018 (Rupees)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and bank balances	6	799,907	725,989
Investment in finance lease	7	9,291,481	9,291,481
Advances, deposits, prepayments and other receivables	8	52,951,376	36,925,654
Trade receivable	9	65,825,018	48,871,835
Morabaha and short term finances	10	-	-
Taxation - net		17,495,064	16,979,299
		146,362,846	112,794,258
<b>Non - Current Asset</b>			
Long term advances, deposits and prepayments	11	17,355,600	25,759,066
Property, plant and equipment	12	217,715,388	268,819,086
Intangible assets	13	3	3
		235,070,991	294,578,155
<b>TOTAL ASSETS</b>		<b>381,433,837</b>	<b>407,372,413</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Deposits	14	9,311,420	9,311,420
Current portion of diminishing musharakah financing	15	42,337,507	50,226,377
Unclaimed dividend		625,215	625,215
Trade and other payables	16	8,288,896	7,140,671
		60,563,038	67,303,683
<b>Non - Current Liabilities</b>			
Diminishing musharakah financing	15	63,627,944	110,205,159
Deferred tax liability	17	14,232,208	7,000,298
		77,860,152	117,205,457
<b>Authorised Share Capital</b>			
20,000,000 (2018: 20,000,000) Ordinary shares of Rs. 10/- each		<b>200,000,000</b>	<b>200,000,000</b>
Issued, subscribed and paid-up share capital	18	107,444,130	107,444,130
Reserves	19	135,566,517	115,419,143
		243,010,647	222,863,273
Contingencies and Commitments	20	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>381,433,837</b>	<b>407,372,413</b>

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	June 2019 (Rupees)	June 2018 (Rupees)
<b>Income</b>			
Income from operations	21	50,369,409	43,704,893
Other operating income	22	8,277,265	20,755,440
		58,646,674	64,460,333
<b>Expenses</b>			
Administrative and operating expenses	23	(16,627,396)	(8,234,019)
Financial charges	24	(14,639,994)	(15,465,963)
		(31,267,390)	(23,699,982)
<b>Profit before taxation</b>		<b>27,379,284</b>	<b>40,760,351</b>
Taxation	25	(7,231,910)	(6,966,676)
<b>Profit after taxation</b>		<b>20,147,374</b>	<b>33,793,675</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>20,147,374</b>	<b>33,793,675</b>
Earnings per share	26	1.88	3.15

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 2019 (Rupees)	June 2018 (Rupees)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		27,379,284	40,760,351
<b>Adjustments for non cash items:</b>			
Depreciation		20,776,269	14,984,012
Financial charges		(14,639,994)	15,465,963
(Gain) on disposal of property, plant and equipment		<u>(8,187,377)</u>	<u>(18,310,636)</u>
		<b>25,328,182</b>	<b>52,899,690</b>
<b>(Increase) / decrease in current assets</b>			
Advances, deposits, prepayments and other receivables		<u>(16,025,722)</u>	<u>87,266,495</u>
Trade receivables		<u>(16,953,183)</u>	<u>(2,758,400)</u>
		(32,978,905)	84,508,095
Increase / (Decrease) in current liabilities			
Trade and other payables		1,148,225	(563,148)
		<u>(6,502,498)</u>	<u>136,844,637</u>
<b>Cash inflow from / (used in) operations</b>		<b>(6,502,498)</b>	<b>136,844,637</b>
Financial charges paid		14,639,994	(15,465,963)
Taxes paid		<u>(515,766)</u>	<u>(3,865,953)</u>
<b>Net cash inflow from / (used in) operating activities</b>		<b>7,621,730</b>	<b>117,512,721</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions in property, plant and equipment		<u>(61,056,527)</u>	<u>(200,109,895)</u>
Long term advances, deposits and prepayments		8,403,466	(3,838,628)
Proceeds from sale of property, plant and equipment		<u>99,571,333</u>	<u>66,210,000</u>
<b>Net cash (used in) / inflow from investing activities</b>		<b>46,918,272</b>	<b>(137,738,523)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Diminishing musharakah financing		<u>(54,466,085)</u>	<u>20,216,957</u>
<b>Net cash inflow from financing activities</b>		<b>(54,466,085)</b>	<b>20,216,957</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>73,918</b>	<b>(8,845)</b>
Cash and cash equivalents at the beginning of the year		725,989	734,834
<b>Cash and cash equivalents at the end of year</b>	6	<u><b>799,907</b></u>	<u><b>725,989</b></u>

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2019**

	Issued, Subscribed and Paid-up Share Capital	Statutory Reserves	Unappropriated Profit	Total
----- Rupees -----				
<b>Balance as at June 30, 2017</b>	<b>107,444,130</b>	<b>36,018,673</b>	<b>45,606,795</b>	<b>189,069,598</b>
Net profit for the year	-	-	33,793,675	33,793,675
Transfer to reserve	-	6,758,735	(6,758,735)	-
<b>Balance as at June 30, 2018</b>	<b>107,444,130</b>	<b>42,777,408</b>	<b>72,641,735</b>	<b>222,863,273</b>
Net profit for the year	-	-	20,147,374	20,147,374
Transfer to reserve	-	4,029,475	(4,029,475)	-
<b>Balance as at June 30, 2019</b>	<b>107,444,130</b>	<b>46,806,883</b>	<b>88,759,634</b>	<b>243,010,647</b>

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 1. LEGAL STATUS AND OPERATIONS

- 1.1 The company CAPITAL ASSETS LEASING CORPORATION LIMITED was incorporated on April 1, 1992 in Pakistan as a public limited company and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of the Company is to carry out leasing business. In addition, the company is also engaged in plying for hire vehicles through its holding company.

The registered office of the company is situated at D-131/A, Block 4, Clifton, Karachi. The company is a subsidiary of Optimus Limited which holds 83.96% ordinary share capital of the company.

- 1.2 The company has been operating with an equity which is less than the statutory requirement and has stopped its leasing operations since April 2008. This had created significant doubt over company's ability to continue as a Non-Banking Financial Company (a leasing company licenced under the Non-Banking Companies and Notified Entities Regulation, 2008).

However, according to the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as notified by the SECP through its S.R.O.1203 (I) 2008, dated November 21, 2008, and further amended through its SRO 764 dated September 2, 2009 the minimum equity requirement for the leasing companies has been enhanced. The existing leasing companies were required to increase their minimum equity to Rs. 700 million which has later been reduced to Rs. 500 million for deposit taking leasing companies through SRO 1160 of 2015 for non depository leasing companies it has been fixed at Rs.50.00 million. Hence, the management had applied for the leasing license as non depository leasing company under new NBFC Regulations.

The Securities and Exchange Commission of Pakistan(SECP) has declined the application for leasing license through letter dated November 06, 2018 due to non-compliance of Fit and Proper Criteria specified in the Non-Banking Finance Companies regulatory framework.

In response to the above letter, the Pakistan Stock Exchange(PSX) has issued a notice dated November 14, 2018 for providing the Company with an opportunity of being heard before taking any action under clauses 5.11.1(j)/ 5.11.2(c ) of PSX Regulation regarding suspension of business operations in principle line of business.

However, the Company has filed a petition against Securities and Exchange Commission of Pakistan in The Honorable High Court of Sindh at Karachi dated November 27, 2018. The Honorable High Court of Sindh in its Order dated November 27, 2018 has (i) directed the Securities and Exchange Commission of Pakistan to "maintain status-quo"; and (ii) restrained Pakistan Stock Exchange "from acting any further pursuant to Letter dated 14 November 2018".

## **2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE**

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- The company continues to invest significantly in property, plant and equipment constituting 57.08% (2018: 65.98%) of total assets with capital expenditure of Rs. 61.056 million during the year ended June 30, 2019, as detailed in note 12 to the financial statements, of which Rs. 11.889 million and Rs. 49.007 million pertains to the motor vehicles held under Musharakah and motor vehicles plying for hire respectively.
- Proceeds from sale of Property, plant and equipment amount to Rs. 99.57 million (2018: Rs. 66.21 million) constituting the disposals of 58 vehicles (2018: 66 vehicles). (Refer Note 12.2)

## **3. BASIS OF PREPARATION**

### **3.1 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 (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 along with Part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), 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 IFRS Standards, 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.

### **3.2 Critical Accounting estimates and judgments**

The preparation of financial statements in conformity with IFRS 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 matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant which have been disclosed in the respective notes to the financial statements include:

- Useful life and residual value of property and equipment (Note 5.2)
- Provision for doubtful receivables (Note 5.11)
- Taxation (Note 5.10)

### 3.3 Standards, interpretations and amendments applicable to financial statements

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

#### a) Standards, interpretations and amendments to approved accounting standards which became effective during the year

The Company has adopted the following accounting standards and the amendments and interpretation of IFRSs which become effective for the current year:

##### i. IFRS - 15 "Revenue from Contracts with Customers"

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

There is no material impact on the financial statements including accounting policies of the Company of adopting IFRS 15 - Revenue from Contracts with Customers.

##### ii. IFRS - 9 "Financial Instruments"

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

Gap analysis has been conducted to consider the effect on the financial statements. However, there is no material impact on the financial statements of the Company of adopting IFRS 9 - Financial Instruments.

#### b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IAS 1	Presentation of financial statements (Amendments)	January 1, 2020
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2020

IAS 12	Income Taxes (Amendments)	January 1, 2019
IAS 19	Employee benefits (Amendments)	January 1, 2019
IAS 23	Borrowing Costs (Amendments)	January 1, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IFRS 3	Business combinations (Amendments)	January 1, 2019
IFRS 9	Financial instruments (Amendments)	January 1, 2019
IFRS 16	Leases	January 1, 2019
IFRIC 23	Uncertainty Over Income Tax Treatments	January 1, 2019

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/disclosures. The management is in the process of assessing the impact of changes laid down by IFRS 16 and its effect on its financial statements.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements

#### **4. OVERALL VALUATION POLICY**

The financial statements are prepared under the historical cost convention except as disclosed in the accounting policies below.

#### **5. SIGNIFICANT ACCOUNTING POLICIES**

##### **5.1 Net Investment in Finance Lease**

Leases where the company transfers substantially all the risk and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The lease asset is derecognized and the present value of the lease receivable is recognized on the balance sheet. The difference between the gross receivable and the present value of the lease receivable is recognized as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and unearned finance income. The finance income is recognized in the income statement on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

## **5.2 Property, Plant and Equipment**

### **5.2.1 Owned**

#### **Tangible**

These are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method. The rates of depreciation are given in note 12. With respect to Vehicles plying for hire, a residual value has been estimated equal to expected recoverable value at the end of its useful life while for other assets residual value is considered zero.

On additions, depreciation is charged from the month in which assets are put to use and on disposals up to the month immediately preceding the disposal. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains or losses on disposal of assets are taken to the income statement.

#### **Intangible**

Intangibles are stated at cost less accumulated amortization and impairment, if any. These costs are amortized over their estimated useful life of three years using the straight-line method.

### **5.2.2 Leased**

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to the ownership of the leased item, are capitalized at inception of the lease at fair value of the leased property, plant and equipment or, if lower, at present value of the minimum lease payments.

Assets acquired under finance lease are depreciated over the useful life of the assets on the same basis as that of owned assets.

A sale and leaseback transaction is one where the Company sells an asset and immediately reacquires the use of that asset by entering into a lease with the buyer. The accounting treatment of the sale and leaseback depends upon the substance of the transaction and whether or not the sale was made at the asset's fair value.

For sale and leasebacks, any profit from the sale is deferred and amortized over the lease term.

## **5.3 Obligation under finance lease**

The Company accounts for assets acquired under financial leases by recording the assets and the related liabilities. The amounts are determined on the basis of discounted value of total minimum lease payments and residual value of the assets at the end of the lease period to be paid by the Company.

Financial charges are allocated to accounting periods in a manner so as to provide constant periodic rate of charge on the outstanding liability.

#### **5.4 Diminishing Musharakah Financing**

Diminishing Musharakah Financing is recognized initially at cost less attributable transaction cost. Subsequent to initial recognition, this is stated at original cost less principal repayments.

#### **5.5 Ijarah**

In Ijarah transactions significant portion of the risks and rewards of ownership are retained by the lesser. Islamic Financial Accounting Standard -2 (IFAS 2). 'Ijarah' requires the recognition of Ujrah Payments (Lease Rental) against Ijarah Financing as an expense in the profit and loss account on a straight line basis over the Ijarah term.

#### **5.6 Trade and other receivables**

Trade and other receivables are recognized at fair value of consideration receivable. The Company applies the simplified approach to recognise lifetime expected credit losses for trade and other receivables.

#### **5.7 Trade, accrued and other payables**

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

#### **5.8 Staff retirement benefits**

The company operates an approved defined contribution plan covering all its permanent employees. Equal monthly contribution to the fund are made both by the company and by the employee at rate of 8.33% of basic pay.

#### **5.9 Revenue Recognition**

##### **5.9.1 Income from leasing operations**

The Company recognizes all direct leases, sale and leaseback and hire purchase contracts of financing nature as finance leases. The total unearned income which consists of excess of aggregate lease rentals and residual value over the cost of the leased asset is deferred and amortized to income over the lease term using annuity method so as to produce a systematic return on net investment in lease finance. Front-end fees, lease document fees, commitment , other charges and other income is accounted for on accrual basis.

##### **5.9.2 Income from Vehicle Plying for Hire**

Income from hire of vehicles is recognised upon performance of service based on the terms of the rental contract.



**5.9.3 Morabaha and Short-term finances**

Profit on Morabaha and short-term finances is recognized on prorata basis taking into account relevant buy-back date. Gain on sale of investments is taken to income in the period in which it arises.

**5.9.4 Income on bank deposits**

Income on bank deposits is recognized on accrual basis

**5.9.5 Dividend income**

Dividend income is recognised when the right to receive dividend is established.

**5.10 Taxation****5.10.1 Current**

The charge for the current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates available, if any and adjustments for prior years.

**5.10.2 Deferred**

Deferred tax asset is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

**5.11 Provision for potential losses and provision for doubtful receivables**

Provision for losses against lease, Morabaha finances, short term finances, long term advances is made according to the Non-Banking Finance Companies and Notified Entities Regulations, 2008. While the provision for other receivables is made on the best judgment of the management which in the opinion of the management represents the amount that is required to cover potential losses that can be reasonably anticipated. The allowance is increased by provision charged to income and decreased by charge-off and recoveries. The amounts are shown under respective heads as a deduction from gross amounts of receivables.

**5.12 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, with banks on current and savings accounts, term deposits with maturities of three months or less and short term running finance.

### **5.13 Impairment**

The carrying values of assets or cash-generating units are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount and the resulting impairment is charged to profit and loss account.

### **5.14 Financial Instruments**

#### **Financial Assets**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### **a) Financial assets at amortised cost**

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.

#### **b) Fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **c) Fair value through profit or loss**

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

**Derecognition of Financial Assets**

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

**Financial Liabilities**

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

**Derecognition of Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

**Impairment of Financial Assets**

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach to recognise lifetime expected credit losses for trade and other receivables.

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

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**5.15 Transactions with Related Parties**

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with permissible method of pricing.

	Note	June 2019 (Rupees)	June 2018 (Rupees)
<b>6. CASH AND BANK BALANCES</b>			
Cash in hand		7,009	21,084
<b>Cash at banks:</b>			
- In PLS accounts	6.1	686,139	607,400
- In current accounts		92,326	91,755
- Balance with State Bank of Pakistan		14,433	5,750
		<b>799,907</b>	<b>725,989</b>

**6.1** Profit rates on deposit accounts ranges from 8% to 10.25% p.a ( June 2018: from 3.75% to 4% p.a )

**7. INVESTMENT IN FINANCE LEASE**

	June 30, 2019			June 30, 2018		
	Not later than one year	More than one year and upto five year	Total	Not later than one year	More than one year and upto five year	Total
----- Rupees -----						
Minimum lease and hire purchase rentals	19,427,270	-	19,427,270	19,427,270	-	19,427,270
<b>Add:</b> Residual value of leased assets	9,311,420	-	9,311,420	9,311,420	-	9,311,420
Gross investment in lease and hire purchase finance (7.1)	28,738,690	-	28,738,690	28,738,690	-	28,738,690
<b>Less:</b> Unearned finance income (7.2)	(3,882,343)	-	(3,882,343)	(3,882,343)	-	(3,882,343)
Net investment in lease and hire purchase finance (7.3)	24,856,347	-	24,856,347	24,856,347	-	24,856,347
<b>Less:</b> Provision for lease losses (7.4)	(15,564,866)	-	(15,564,866)	(15,564,866)	-	(15,564,866)
<b>Net investment in leases</b>	<b>9,291,481</b>	<b>-</b>	<b>9,291,481</b>	<b>9,291,481</b>	<b>-</b>	<b>9,291,481</b>

**7.1** These represent investment in lease finance and hire purchase under various lease agreements with implicit rate of return ranging from 15.73% to 18% (June 30, 2018 : from 15.73% to 18%) percent per annum. These agreements usually are for three years to five years period. In certain cases the company has security, in addition to lease assets, in the form of corporate/ personal guarantee of directors.

**7.2** The unearned finance income includes suspended income of Rs. 3.864 million (June 30, 2018 : Rs. 3.864 million).

	Note	June 2019 (Rupees)	June 2018 (Rupees)
<b>Particulars of suspended income</b>			
Opening balance		3,882,343	3,882,343
Provided during the year		-	-
<b>Closing balance</b>		<b>3,882,343</b>	<b>3,882,343</b>

7.3 The investment in lease portfolio includes Rs. 19.43 million (June 2018: Rs. 19.43 million) which has been placed under over due status.

**7.4 Particulars of provision against non-performing leases**

	June 30, 2019			June 30, 2018		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----					
Opening balance	15,564,866	-	15,564,866	15,564,866	-	15,564,866
Closing balance	<b>15,564,866</b>	-	<b>15,564,866</b>	<b>15,564,866</b>	-	<b>15,564,866</b>

	Note	June 2019 (Rupees)	June 2018 (Rupees)
<b>8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Unsecured advances - considered good</b>			
Advances to employees		163,746	145,146
Provision against advances to employees		(132,006)	(132,006)
		31,740	13,140
Advances for supplies and services		399,238	399,238
Provision against advances for supplies and services		(399,238)	(399,238)
		-	-
Advances to supplier for purchase of vehicle		-	2,934,500
<b>Deposits</b>			
Long term security deposits - current portion		4,567,562	2,838,450
<b>Prepayments</b>			
Prepaid insurance, road tax and registration		2,677,339	2,494,619
Provision		(150,804)	(150,804)
		2,526,535	2,343,815
Other receivables - considered good	8.1 & 8.2	45,825,464	28,795,674
<b>Others</b>			
Others - considered doubtful		3,685,270	3,685,270
Accrued mark-up on short term finances		137,831	137,831
Less: Provisions against receivables		(3,823,026)	(3,823,026)
		75	75
		<u>52,951,376</u>	<u>36,925,654</u>

**8.1** This represents Rs. 45,632,686 (June 2018: Rs. 28,795,674) receivable from Optimus Limited (Parent Company)

**8.2 Age analysis of other receivables from related parties**

	Amount past due as at June 30, 2019					Total gross amount due
	Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	
	----- Rupees -----					
Optimus Limited	4,715,000	4,517,000	9,445,000	26,955,686	-	45,632,686
<b>June 30, 2019</b>	<b>4,715,000</b>	<b>4,517,000</b>	<b>9,445,000</b>	<b>26,955,686</b>	<b>-</b>	<b>45,632,686</b>

	Amount past due as at June 30, 2018					Total gross amount due
	Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	
	----- Rupees -----					
Optimus Limited	490,000	-	22,183,000	6,122,674	-	28,795,674
<b>June 30, 2018</b>	<b>490,000</b>	<b>-</b>	<b>22,183,000</b>	<b>6,122,674</b>	<b>-</b>	<b>28,795,674</b>

	Note	June 2019 (Rupees)	June 2018 (Rupees)
<b>9. TRADE RECEIVABLE</b>	<b>9.1 &amp; 9.2</b>	<u>65,825,018</u>	<u>48,871,835</u>

**9.1 Age analysis of trade receivables from related parties**

	Amount past due as at June 30, 2019					Total gross amount due
	Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	
	----- Rupees -----					
Optimus Limited	7,466,325	7,427,078	7,941,896	42,989,719	-	65,825,018
<b>June 30, 2019</b>	<b>7,466,325</b>	<b>7,427,078</b>	<b>7,941,896</b>	<b>42,989,719</b>	<b>-</b>	<b>65,825,018</b>

	Amount past due as at June 30, 2018					Total gross amount due
	Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	
	----- Rupees -----					
Optimus Limited	7,914,773	7,910,832	7,851,559	25,194,671	-	48,871,835
<b>June 30, 2018</b>	<b>7,914,773</b>	<b>7,910,832</b>	<b>7,851,559</b>	<b>25,194,671</b>	<b>-</b>	<b>48,871,835</b>

9.2 This represents trade receivable from Optimus Limited (Parent Company)

	Note	June 2019 (Rupees)	June 2018 (Rupees)
<b>10. MORABAHA AND SHORT TERM FINANCES</b>			
Secured			
Morabaha finances		282,745	282,745
Short term finances		17,500	17,500
		300,245	300,245
Less: Provision for doubtful receivables		(300,245)	(300,245)
		-	-
<b>11. LONG TERM ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
Security deposits		20,905,952	25,863,292
Less: Provision		(309,290)	(309,290)
		20,596,662	25,554,002
Less: Current portion	8	(4,567,562)	(2,838,450)
		16,029,100	22,715,552
Prepayments		4,021,339	5,387,329
Less: Current portion		(2,694,839)	(2,343,815)
		1,326,500	3,043,514
		17,355,600	25,759,066

## 12. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicle	Office machines and equipment	Computers and allied equipment	Furniture and fixtures	Motor vehicles playing for hire	Tracker system	Motor vehicles held under musharakah	Total
<b>Rupees</b>								
<b>As at June 30, 2017</b>								
Cost	48,593	471,140	686,605	31,500	67,428,634	2,211,371	83,762,280	154,640,123
Accumulated depreciation	(21,463)	(238,711)	(345,707)	(31,496)	(12,068,827)	(1,677,309)	(8,664,043)	(23,047,556)
<b>Net Book Value</b>	<b>27,130</b>	<b>232,429</b>	<b>340,898</b>	<b>4</b>	<b>55,359,807</b>	<b>534,062</b>	<b>75,098,237</b>	<b>131,592,567</b>
<b>Year ended June 30, 2018</b>								
Opening net book value	27,130	232,429	340,898	4	55,359,807	534,062	75,098,237	131,592,567
Additions (at cost)	-	-	30,000	-	54,010,279	-	146,069,616	200,109,895
<b>Disposals</b>								
Cost	-	-	-	-	(40,962,174)	-	(14,669,000)	(55,631,174)
Accumulated depreciation	-	-	-	-	5,451,349	-	2,280,461	7,731,810
Depreciation charge for the years	(9,719)	(37,041)	(127,931)	-	(35,510,825)	(265,732)	(12,388,539)	(47,899,364)
<b>Net Book Value</b>	<b>17,411</b>	<b>195,388</b>	<b>242,967</b>	<b>4</b>	<b>71,419,435</b>	<b>268,330</b>	<b>196,675,551</b>	<b>268,819,086</b>
<b>As at June 30, 2018</b>								
Cost	48,593	471,140	716,605	31,500	80,476,739	2,211,371	215,162,896	299,118,844
Accumulated depreciation	(31,182)	(275,752)	(473,638)	(31,496)	(9,057,304)	(1,943,041)	(18,487,345)	(30,299,758)
<b>Net Book Value</b>	<b>17,411</b>	<b>195,388</b>	<b>242,967</b>	<b>4</b>	<b>71,419,435</b>	<b>268,330</b>	<b>196,675,551</b>	<b>268,819,086</b>
<b>Year ended June 30, 2019</b>								
Opening net book value	17,411	195,388	242,967	4	71,419,435	268,330	196,675,551	268,819,086
Additions (at cost)	-	72,251	87,000	-	49,007,286	-	11,889,990	61,056,527
<b>Disposals</b>								
Cost	(48,593)	(224,200)	(208,669)	(31,500)	(72,398,672)	-	(32,711,000)	(105,622,634)
Accumulated depreciation	48,593	224,196	208,662	31,496	7,500,837	-	6,224,894	14,238,678
Depreciation charge for the years	(17,411)	(44,266)	(137,665)	(4)	(64,897,835)	(191,408)	(26,486,106)	(91,383,956)
<b>Net Book Value</b>	<b>-</b>	<b>223,369</b>	<b>192,295</b>	<b>-</b>	<b>48,408,657</b>	<b>76,922</b>	<b>168,814,145</b>	<b>217,715,388</b>
<b>As at June 30, 2019</b>								
Cost	-	319,191	594,936	-	57,085,353	2,211,371	194,341,886	254,552,737
Accumulated depreciation	-	(95,822)	(402,641)	-	(8,676,696)	(2,134,449)	(25,527,741)	(36,837,349)
<b>Net Book Value</b>	<b>-</b>	<b>223,369</b>	<b>192,295</b>	<b>-</b>	<b>48,408,657</b>	<b>76,922</b>	<b>168,814,145</b>	<b>217,715,388</b>
<b>Rate of depreciation</b>	<b>20%</b>	<b>15%</b>	<b>30%</b>	<b>10%</b>	<b>20-25%</b>	<b>25%</b>	<b>25-33%</b>	
<b>12.1 Allocation of depreciation:</b>								
Income from vehicles playing for hire								2018
Administrative and operating expenses								Rupees
								14,809,321
								174,691
								<b>14,984,012</b>





**12.3 Particulars of Disposal of Property, Plant and Equipment**

	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Profit / (Loss) on Disposal	Mode of Disposal	Particulars of Buyer	Relationship
	----- Rupees -----							
<b>Motor vehicle plying for hire</b>								
SUZUKI CULTUS VXR	825,000	103,128	721,872	725,000	3,128	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	103,128	721,872	725,000	3,128	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	103,128	721,872	725,000	3,128	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	103,128	721,872	725,000	3,128	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	785,000	98,136	686,864	725,000	38,136	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	103,128	721,872	725,000	3,128	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	98,831	726,169	725,000	(1,169)	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC	1,700,000	212,496	1,487,504	1,490,000	2,496	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	785,000	98,136	686,864	725,000	38,136	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	785,000	102,225	682,775	700,000	17,225	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	107,425	717,575	725,000	7,425	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	107,425	717,575	725,000	7,425	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	785,000	102,225	682,775	700,000	17,225	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	785,000	102,225	682,775	700,000	17,225	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	103,128	721,872	725,000	3,128	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC VTI (PROSMATEC ORIEL)	2,392,000	597,984	1,794,016	975,000	(819,016)	Negotiation	Optimus Limited	Holding Company
HONDA CITY MT-ASPIRE	1,625,000	406,272	1,218,728	450,000	(768,728)	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	825,000	116,019	708,981	725,000	16,019	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	825,000	116,019	708,981	725,000	16,019	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	785,000	110,403	674,597	725,000	50,403	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	825,000	116,019	708,981	725,000	16,019	Negotiation	Optimus Limited	Holding Company
CULTUS VXR	825,000	120,316	704,684	605,000	(99,684)	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,350,000	189,837	1,160,163	1,175,000	14,837	Negotiation	Optimus Limited	Holding Company
HONDA CITY	885,000	55,308	829,692	682,000	(147,692)	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	900,000	145,292	754,708	760,000	5,292	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	133,207	691,793	700,000	8,207	Negotiation	Optimus Limited	Holding Company
SUZUKI ALTO	900,000	145,328	754,672	650,000	(104,672)	Negotiation	Optimus Limited	Holding Company
SUZUKI ALTO	675,000	108,996	566,004	600,000	33,996	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC VTI (PROSMATEC ORIEL)	2,176,000	543,984	1,632,016	1,480,000	(152,016)	Negotiation	Optimus Limited	Holding Company
CULTUS VXR	900,000	150,016	749,984	615,000	(134,984)	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA (ALTIS)	2,087,500	521,856	1,565,644	1,670,000	104,356	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	785,000	134,937	650,063	588,000	(62,063)	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA	1,100,000	91,664	1,008,336	1,462,000	453,664	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	250,000		250,000	1,025,000	775,000	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	250,000		250,000	1,025,000	775,000	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	283,897		283,897	1,025,000	741,103	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	383,219		383,219	1,025,000	641,781	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	383,219		383,219	1,025,000	641,781	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	383,219		383,219	1,050,000	666,781	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	383,219		383,219	1,050,000	666,781	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC	1,109,385		1,109,385	1,790,000	680,615	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC VTI (PROSMATEC ORIEL)	239,200		239,200	1,627,000	1,387,800	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS (VXL)	100,500		100,500	683,000	582,500	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS (VXL)	100,500		100,500	683,000	582,500	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC VTI PT ORIEL	241,800		241,800	1,644,000	1,402,200	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA (XLI)	153,750		153,750	1,230,000	1,076,250	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA (GLI)	167,250		167,250	1,338,000	1,170,750	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA (GLI)	167,250		167,250	1,338,000	1,170,750	Negotiation	Optimus Limited	Holding Company
HONDA CITY (AUTOMATIC)	164,600		164,600	1,119,000	954,400	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	383,219		383,219	1,119,000	735,781	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	250,000		250,000	1,119,000	869,000	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	250,000		250,000	1,119,000	869,000	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	250,000		250,000	1,099,000	849,000	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	250,000		250,000	1,107,000	857,000	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	358,545		358,545	805,000	446,455	Negotiation	Optimus Limited	Holding Company
HONDA CITY PROSMATEC	655,102		655,102	1,386,000	730,898	Negotiation	Optimus Limited	Holding Company
SUZUKI MEHRAN VXL	68,800		68,800	490,000	421,200	Negotiation	Optimus Limited	Holding Company
	<b>40,962,174</b>	<b>5,451,349</b>	<b>35,510,825</b>	<b>53,798,000</b>	<b>18,287,175</b>			

	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Profit / (Loss) on Disposal	Mode of Disposal	Particulars of Buyer	Relationship
----- Rupees -----								
Motor vehicles under Musharakah Financing								
TOYOTA COROLLA XLI	1,250,000	243,040	1,006,960	1,025,000	18,040	Negotiation	Optimus Limited	Holding Company
TOYOTA ALTIS 1.8 M/T	2,102,500	423,429	1,679,071	1,790,000	110,929	Insurance Claim	Jubilee Insurance	No Relationship
HONDA CIVIC PT ORIEAL	2,585,500	53,864	2,531,636	2,375,000	(156,636)	Insurance Claim	Jubilee Insurance	No Relationship
TOYOTA COROLLA XLI	1,250,000	250,000	1,000,000	990,000	(10,000)	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,250,000	250,000	1,000,000	1,015,000	15,000	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC PT ORIEL	2,481,000	310,128	2,170,872	1,860,000	(310,872)	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,250,000	250,000	1,000,000	1,119,000	119,000	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,250,000	250,000	1,000,000	1,119,000	119,000	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,250,000	250,000	1,000,000	1,119,000	119,000	Negotiation	Optimus Limited	Holding Company
	<b>14,669,000</b>	<b>2,280,461</b>	<b>12,388,539</b>	<b>12,412,000</b>	<b>23,461</b>			
June 30, 2018	<b>55,631,174</b>	<b>7,731,810</b>	<b>47,899,364</b>	<b>66,210,000</b>	<b>18,310,636</b>			

**Computer Software**  
----- Rupees -----

### 13. INTANGIBLE ASSETS

#### As at June 30, 2017

Cost	523,948	523,948
Accumulated amortization	<u>(523,945)</u>	<u>(523,945)</u>
<b>Net Book Value</b>	<b><u>3</u></b>	<b><u>3</u></b>

#### Year ended June 30, 2018

Opening net book value	3	3
Additions (at cost)	-	-
amortization charge for the year	-	-
<b>Net Book Value</b>	<b><u>3</u></b>	<b><u>3</u></b>

#### As at June 30, 2018

Cost	523,948	523,948
Accumulated amortization	<u>(523,945)</u>	<u>(523,945)</u>
<b>Net Book Value</b>	<b><u>3</u></b>	<b><u>3</u></b>

#### Year ended June 30, 2019

Opening net book value	3	3
Additions (at cost)	-	-
amortization charge for the year	-	-
<b>Net Book Value</b>	<b><u>3</u></b>	<b><u>3</u></b>

#### As at June 30, 2019

Cost	523,948	523,948
Accumulated amortization	<u>(523,945)</u>	<u>(523,945)</u>
<b>Net Book Value</b>	<b><u>3</u></b>	<b><u>3</u></b>

#### Rate of amortization

<b><u>33%</u></b>	
-------------------	--

	Note	June 2019 (Rupees)	June 2018 (Rupees)
<b>14. DEPOSITS</b>			
Security deposits	14.1	9,311,420	9,311,420
		<u>9,311,420</u>	<u>9,311,420</u>
<b>14.1 Bifurcation of security deposits</b>			
Utilizable security deposits	14.1.1	9,311,420	9,311,420
		<u>9,311,420</u>	<u>9,311,420</u>

14.1.1 This represents security deposits utilized by the company on account of investment in finance lease from May 2000 to September 2011 in accordance with the terms of agreements.

**15. DIMINISHING MUSHARAKAH FINANCING**

	June 30, 2019			June 30, 2018		
	Not later than one year	More than one year and upto five year	Total	Not later than one year	More than one year and upto five year	Total
	----- Rupees -----					
Diminishing musharakah financing payables	42,337,507	63,627,944	105,965,451	50,226,377	110,205,159	160,431,536
	<u>42,337,507</u>	<u>63,627,944</u>	<u>105,965,451</u>	<u>50,226,377</u>	<u>110,205,159</u>	<u>160,431,536</u>

The above liability represents assets acquired under diminishing musharakah arrangements with KASB Modaraba, Orix Modaraba, BRR Guardian Modaraba, Popular Islamic Modaraba, First Prudential Modaraba and First Punjab Modaraba. The musharakah installments are payable on monthly basis and the financing rates ranges from 9.53% to 16.50% per annum (2018: 9.05% to 16.00%). The cost of operating and maintaining of these assets is borne by the company. The company has an option to purchase the assets on the completion of financing period by adjusting the security deposit and has intention to exercise the option.

	June 2019 (Rupees)	June 2018 (Rupees)
<b>16. TRADE AND OTHER PAYABLES</b>		
Accrued expenses	7,033,813	5,484,550
Insurance payable	906,150	1,456,359
Tax deducted at source	58,688	2,350
Payable to provident fund	87,298	14,462
Others	202,947	182,950
	<u>8,288,896</u>	<u>7,140,671</u>

<b>17. DEFERRED TAX LIABILITY</b>	<b>June 2019 (Rupees)</b>	<b>June 2018 (Rupees)</b>
<b>Debit balances arising in respect of:</b>		
Provision against advance deposits and prepayments	1,306,471	1,351,522
Provision against finance lease	4,513,811	4,669,460
Minimum tax / ACT	4,184,246	14,242,203
	10,004,528	20,263,185
<b>Credit balance arising in respect of:</b>		
Accelerated depreciation	(24,236,736)	(27,263,483)
	<b><u>(14,232,208)</u></b>	<b><u>(7,000,298)</u></b>

**18. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

<b>Number of Shares</b>			<b>June 2019 (Rupees)</b>	<b>June 2018 (Rupees)</b>
<b>2019</b>	<b>2018</b>			
<u>10,744,413</u>	<u>10,744,413</u>	Ordinary shares of Rs. 10/- each fully paid in cash.	<u><b>107,444,130</b></u>	<u><b>107,444,130</b></u>

**19. RESERVES**

<b>Statutory Reserve</b>				
Statutory reserve		19.1	42,777,408	36,018,673
Transfer from profit and loss account			4,029,475	6,758,735
			46,806,884	42,777,408
<b>Revenue Reserve</b>				
Unappropriated profit			88,759,634	72,641,735
			<u><b>135,566,518</b></u>	<u><b>115,419,143</b></u>

**19.1** In accordance with the Prudential Regulations for Non - Banking Finance Companies, the company is required to transfer 20% of its after tax profits to statutory reserve until the reserve equals to its paid up capital. Thereafter 5% of after tax profit is required to be transferred to reserve. An amount of Rs. 4,029,475 (2018: Rs.6,758,735) has been transferred during the year.

**20. CONTINGENCIES AND COMMITMENTS**
**20.1 Contingent Assets**

The company has obtained court decrees in respect of recovery of overdue lease rentals receivable from various clients aggregating to Rs. 5,567,498 as at June 30, 2019 (June 30, 2018 : Rs. 5,567,498).

	Note	June 2019 (Rupees)	June 2018 (Rupees)
<b>20.2 Commitments</b>			
Ijarah lease rentals payable	21.2	6,191,033	15,136,199
<b>21. INCOME FROM OPERATIONS</b>			
Income from vehicles plying for hire	21.1	50,369,409	43,704,893
		<b>50,369,409</b>	<b>43,704,893</b>
<b>21.1 Income from Vehicle Plying for Hire</b>			
Rentals		101,600,757	94,658,098
<b>Cost of Services</b>			
Road tax/Registration and other charges		2,045,914	2,371,055
Vehicles service and maintenance-VPFH		10,297,479	6,655,296
Ijarah lease rental	21.2	6,876,985	16,029,056
Tracker monitoring cost		1,825,045	1,742,779
Insurance		5,623,998	5,368,198
Depreciation	12.1	20,576,927	14,809,321
Service charges to holding company	21.3	3,985,000	3,977,500
		51,231,348	50,953,205
		<b>50,369,409</b>	<b>43,704,893</b>

**21.2 Ijarah Lease Rental**

This includes rentals paid to BRR Guardian Modaraba, Popular Islamic Modaraba and Crescent Standard Modaraba against vehicles acquired under Ijarah facilities. Future rental payable on these facilities are as under:

	June 30, 2019			June 30, 2018		
	Due within one year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total
	----- Rupees -----					
Total future rentals payable	5,294,542	896,491	6,191,033	8,518,072	6,618,127	15,136,199
	<b>5,294,542</b>	<b>896,491</b>	<b>6,191,033</b>	<b>8,518,072</b>	<b>6,618,127</b>	<b>15,136,199</b>

**21.3** The company has entered into an understanding with the holding company whereby company's vehicles have been deployed on hire through the holding company. A sum of Rs. 2,500 per month per vehicle has been fixed as service charges payable to the holding company.

	Note	June 2019 (Rupees)	June 2018 (Rupees)
<b>22. OTHER OPERATING INCOME</b>			
Gain on sale of property, plant and equipment	12.2	8,187,377	18,310,636
Return on bank deposit		6,630	6,315
Other income		83,258	2,438,489
		<b>8,277,265</b>	<b>20,755,440</b>
<b>23. ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries, allowances and benefits		10,805,584	2,955,462
Travelling and conveyance charges		1,320	9,040
Depreciation	12.1	199,342	174,691
Printing and stationery		487,554	377,953
Repair & Maintenance		8,800	24,900
Rent		651,316	150,000
Utilities		96,179	131,435
Telephone and postage expenses		147,519	117,982
Legal and professional charges		2,880,308	2,871,726
Vehicle running expenses		267,940	460,662
Insurance expenses		14,066	7,350
Entertainment expenses		205,450	31,400
Auditors' remuneration	23.1	515,350	576,550
Director training program		331,368	331,368
Sundry expenses		15,300	13,500
		<b>16,627,396</b>	<b>8,234,019</b>
<b>23.1 Auditors' Remuneration</b>			
Audit fee		226,800	226,800
Half yearly audit / review		223,200	284,400
Code of corporate governance		30,000	30,000
Out of pocket expenses		35,350	35,350
		<b>515,350</b>	<b>576,550</b>
<b>24. FINANCIAL CHARGES</b>			
Mark up on diminishing musharakah financing		14,620,057	15,448,545
Bank charges		19,937	17,418
		<b>14,639,994</b>	<b>15,465,963</b>

	Note	June 2019 (Rupees)	June 2018 (Rupees)
<b>25. TAXATION</b>			
Current		-	6,929,260
Deferred		7,231,910	37,416
		<b>7,231,910</b>	<b>6,966,676</b>

**25.1** Income tax has been charged on the basis of normal income tax rate i.e 29% on taxable income for the year and the tax liability has been adjusted against minimum Tax/Alternate Corporate Tax(ACT) paid during prior years as reflected in note no.17.

		June 2019	June 2018
<b>26. EARNINGS PER SHARE</b>			
Profit after taxation	Rupees	20,147,374	33,793,675
Weighted average number of ordinary shares	Numbers	10,744,413	10,744,413
Earnings per share - basic and diluted	Rupees	<b>1.88</b>	<b>3.15</b>

**27. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors, key management and employees provident fund. The company has a policy whereby all transactions with related parties are entered into at arm's length prices using the permissible method of pricing. The transaction with related parties, other than remuneration under the terms of employment, are as follows:

Related Party	Nature of relationship	Nature of transaction / balance	June 2019	June 2018
Optimus Limited	Holding Company	Rental services rendered	101,600,757	94,658,098
		Management services received	3,985,000	3,977,500
		Vehicle maintenance service received	10,297,479	6,655,296
		Purchase of motor vehicle	46,733,333	47,215,000
		Sale of motor vehicle	90,256,333	62,045,000
		Salary and allowances	9,212,127	1,086,375
Mustang Eye (Pvt) Ltd	Common Directorship	Tracker service	1,300,000	761,522
Staff provident fund		Contribution to staff Provident fund	75,388	83,775



**28. REMUNERATION OF EXECUTIVES**

**28.1** The aggregate amount charged in the financial statements for the period in respect of remuneration and benefits to the Executives are as follows:

	Chief Executive		Executive	
	June - 2019	June - 2018	June - 2019	June - 2018
Managerial remuneration	8,068,035	-	1,144,092	828,227
Total	8,068,035	-	1,144,092	828,227
Number of person	1	1	1	1

**28.2** The Chairman & Director have not charged any remuneration nor any other benefits to the company.

**29. PROVIDENT FUND**

The investments out of provident fund have been made in accordance with the provisions of Sections 218 of the Companies Act, 2017 and the rules formulated for this purpose.

**30. FINANCIAL INSTRUMENTS RELATED DISCLOSURES**

**30.1 Financial Risk Management Objectives**

The company's activities expose to a variety of financial risks, including the effects of changes in foreign exchange rates, credit and liquidity risk associated with various financial assets and liabilities. The company finances its operations through equity and management of working capital with a view to maintain reasonable mix between various sources of finance to minimize risk. Taken as a whole, risk arising from the company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

**30.2 Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulties in raising funds to meet commitments associated with Financial Instruments. The company is not exposed to any significant risk.

**MATURITIES OF ASSETS AND LIABILITIES**

<b>June 30, 2019</b>					
Descriptions	Total	Up to 3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 years	Over 5 years
----- Rupees -----					
<b>ASSETS</b>					
Investment in finance lease	9,291,481	9,291,481	-	-	-
Long term advances, deposits and prepayments	17,355,600	-	-	17,355,600	-
Property, plant and equipment	217,715,388	-	-	217,715,388	-
Intangible assets	3	-	-	3	-
Cash and bank balances	799,907	799,907	-	-	-
Advances, deposits, prepayments and other receivables	52,951,376	48,383,814	4,567,562	-	-
Trade receivables	65,825,018	-	65,825,018	-	-
Taxation - net	17,495,064	-	17,495,064	-	-
<b>Total Assets</b>	<b>381,433,837</b>	<b>58,475,202</b>	<b>87,887,644</b>	<b>235,070,991</b>	-
<b>LIABILITIES</b>					
Deposits	9,311,420	9,311,420	-	-	-
Trade and other payables	8,288,896	8,288,896	-	-	-
Unclaimed dividend	625,215	625,215	-	-	-
Diminishing musharakah financing	105,965,451	10,429,990	31,907,517	63,627,944	-
Deferred tax liability	14,232,208	-	-	14,232,208	-
<b>Total Liabilities</b>	<b>138,423,190</b>	<b>28,655,521</b>	<b>31,907,517</b>	<b>77,860,152</b>	-
<b>Net Assets</b>	<b>243,010,647</b>	<b>29,819,681</b>	<b>55,980,127</b>	<b>157,210,839</b>	-
Share capital	107,444,130				
Reserve	135,566,518				
	<b>243,010,648</b>				

<b>June 30, 2018</b>					
Descriptions	Total	Up to 3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 years	Over 5 years
----- Rupees -----					
<b>ASSETS</b>					
Investment in finance lease	9,291,481	9,291,481	-	-	-
Long term advances, deposits and prepayments	25,759,066	-	-	25,759,066	-
Property, plant and equipment	268,819,086	-	-	268,819,086	-
Intangible assets	3	-	-	3	-
Cash and bank balances	725,989	725,989	-	-	-
Advances, deposits, prepayments and other receivables	36,925,654	34,087,204	2,838,450	-	-
Trade receivables	48,871,835	-	48,871,835	-	-
Taxation - net	16,979,299	-	16,979,299	-	-
<b>Total Assets</b>	<b>407,372,413</b>	<b>44,104,674</b>	<b>68,689,584</b>	<b>294,578,155</b>	-
<b>LIABILITIES</b>					
Current portion of long term deposits	9,311,420	9,311,420	-	-	-
Trade and other payables	7,140,671	7,140,671	-	-	-
Unclaimed dividend	625,215	625,215	-	-	-
Diminishing musharakah financing	160,431,536	13,510,662	36,715,715	110,205,159	-
Deferred tax liability	7,000,298	-	-	7,000,298	-
<b>Total Liabilities</b>	<b>184,509,140</b>	<b>30,587,968</b>	<b>36,715,715</b>	<b>117,205,457</b>	-
<b>Net Assets/Liabilities</b>	<b>222,863,273</b>	<b>13,516,706</b>	<b>31,973,869</b>	<b>177,372,698</b>	-
Share capital	107,444,130				
Reserve	115,419,143				
	<b>222,863,273</b>				

### 30.3 Interest Rate Risk Management

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market mark-up/interest rates. Sensitivity to interest/mark up rate risk arises from mismatches of financial assets and financial liabilities that mature or repriced in a given period. The company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The company is exposed to mark -up / interest rate risk in respect of the following:

Interest Rate Risk	June 30, 2019							Total
	Interest / Mark-up bearing			Non Interest bearing				
	Interest rates	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	
----- Rupees -----								
<b>FINANCIAL ASSETS</b>								
Net investment in lease	15.73 % - 18%	9,291,481	-	9,291,481	-	-	-	9,291,481
Trade receivable		-	-	-	65,825,018	-	65,825,018	65,825,018
Advances, deposits, prepayments and other receivables		-	-	-	45,825,464	-	45,825,464	45,825,464
Cash and bank balances	8% - 10.25%	686,139	-	686,139	113,768	-	113,768	799,907
		<b>9,977,620</b>	<b>-</b>	<b>9,977,620</b>	<b>111,764,250</b>	<b>-</b>	<b>111,764,250</b>	<b>121,741,870</b>
<b>FINANCIAL LIABILITIES</b>								
Trade and other payables		-	-	-	8,288,896	-	8,288,896	8,288,896
Unclaimed dividend		-	-	-	625,215	-	625,215	625,215
Diminishing musharakah financing	9.53% to 16.5%	42,337,507	63,627,944	105,965,451	-	-	-	105,965,451
		<b>42,337,507</b>	<b>63,627,944</b>	<b>105,965,451</b>	<b>8,914,111</b>	<b>14,433</b>	<b>8,914,111</b>	<b>114,879,562</b>
<b>Net financial assets / (liabilities) June 30, 2019</b>		<b>(32,359,887)</b>	<b>(63,627,944)</b>	<b>(95,987,831)</b>	<b>102,850,139</b>	<b>-</b>	<b>102,850,139</b>	<b>6,862,308</b>

Interest Rate Risk	June 30, 2018							Total
	Interest / Mark-up bearing			Non Interest bearing				
	Interest rates	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	
----- Rupees -----								
<b>FINANCIAL ASSETS</b>								
Net investment in lease	15.73 % - 18%	9,291,481	-	9,291,481	-	-	-	9,291,481
Trade receivable		-	-	-	48,871,835	-	48,871,835	48,871,835
Deposits and other receivables		-	-	-	28,795,674	-	28,795,674	28,795,674
Cash and bank balances	3.75% - 4%	607,400	-	607,400	118,589	-	118,589	725,989
		<b>9,898,881</b>	<b>-</b>	<b>9,898,881</b>	<b>77,786,098</b>	<b>-</b>	<b>77,786,098</b>	<b>87,684,979</b>
<b>FINANCIAL LIABILITIES</b>								
Trade and other payables		-	-	-	7,140,671	-	7,140,671	7,140,671
Unclaimed dividend		-	-	-	625,215	-	625,215	625,215
Diminishing musharakah financing	9.05% to 16%	50,226,377	110,205,159	160,431,536	-	-	-	160,431,536
		<b>50,226,377</b>	<b>110,205,159</b>	<b>160,431,536</b>	<b>7,765,886</b>	<b>-</b>	<b>7,765,886</b>	<b>168,197,422</b>
<b>Net financial assets / (liabilities) June 30, 2018</b>		<b>(40,327,496)</b>	<b>(110,205,159)</b>	<b>(150,532,655)</b>	<b>70,020,212</b>	<b>-</b>	<b>70,020,212</b>	<b>(80,512,443)</b>

30.4 Financial assets and liabilities are approximate to their fair values.

**30.5 Credit Risk**

The Company credit risk exposure is not significantly different from that reflected in the financial statement. The management monitors and limits company exposure to credit risk through monitoring of clients' credit exposure, review and conservative estimates of provisions for potential lease losses and doubtful receivables and by obtaining securities/collateral for large amounts of credits. 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 different avenues.

Breakdown of credit risk exposure by class of business is follows:

Class of Business	June 30, 2019		June 30, 2018	
	Lease and Hire Purchase Finance	Morabaha and Short Term Finance	Lease and Hire Purchase Finance	Morabaha and Short Term Finance
	%	%	%	%
Electrical and electric goods	-	94.17	-	94.17
Transport and communication	28.14	-	28.14	-
Foods and beverages	3.35	-	3.35	-
Trading	4.88	-	4.88	-
Packaging	25.88	-	25.88	-
Miscellaneous	37.75	5.83	37.75	5.83
	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**31. NUMBERS OF EMPLOYEES**

	2019	2018
Total number of employees at the end of year	<u>4</u>	<u>4</u>
Average number of employees during the year	<u>4</u>	<u>4</u>

**32. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on **7<sup>th</sup> October 2019** by the Board of Directors of the Company.

**33. GENERAL**

**33.1** Figures have been rounded off to the nearest rupee.

**33.2** Figures have been reclassified and re-arranged where necessary.

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**SIX YEARS AT A GLANCE**

PARTICULARS	2019	2018	2017	2016	2015	2014
<b>FINANCIAL POSITION</b>						
Balance Sheet Size	381,433,837	407,372,413	353,887,513	265,754,873	212,576,404	188,847,432
Paid-up Capital	107,444,130	107,444,130	107,444,130	107,444,130	107,444,130	107,444,130
Statutory Reserves	46,806,884	42,777,408	36,018,673	31,811,422	27,834,688	25,035,793
Un-appropriated Profits	88,759,634	72,641,735	45,606,795	28,777,791	12,870,853	1,675,273
Fixed Assets (Net)	217,715,391	268,819,089	131,592,570	175,276,687	86,541,467	89,785,472
Net Investment in Lease & Hire Purchase Finance.	9,291,481	9,291,481	9,291,481	9,291,481	9,291,481	9,530,531
Lease Obligations	-	-	-	7,333,780	46,647,330	37,362,097
Diminishing Musharaka Financing	105,965,451	160,431,536	140,214,579	62,381,223	-	-
Long Term Deposits	9,311,420	9,311,420	9,311,420	9,311,420	9,311,420	9,550,470
Current Assets	146,362,846	112,794,258	200,374,505	68,873,389	99,259,306	77,273,665
Current Liabilities	60,563,038	67,303,683	55,008,794	53,108,157	39,244,751	32,763,143
<b>INCOMES AND EXPENSES</b>						
Income from Operations	50,369,409	43,704,893	41,339,213	51,260,024	34,037,508	34,828,355
Other Income	8,277,265	20,755,440	11,168,073	1,380,751	1,352,361	650,212
Administrative & Operating Expenses	16,627,396	8,234,019	12,165,839	9,293,761	8,904,476	8,461,929
Financial Charges	14,639,994	15,465,963	8,521,964	10,378,620	6,273,697	5,830,622
Other Charges	-	-	-	659,368	433,295	423,720
Provision / (reversal) for losses	-	-	-	-	(1,453,040)	-
Profit/(Loss) before Tax	27,379,284	40,760,351	31,819,483	32,309,025	21,231,441	20,762,296
Taxation	(7,231,910)	(6,966,676)	(10,783,228)	(12,425,353)	(7,236,966)	(7,632,011)
Profit (Loss) after Tax	20,147,374	33,793,675	21,036,255	19,883,672	13,994,475	13,130,285

**PATTERN OF SHAREHOLDING  
HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2019**

No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
352	1	100	13026
124	101	500	38322
172	501	1000	114371
102	1001	5000	213117
11	5001	10000	72864
5	10001	15000	67441
3	15001	20000	52379
2	25001	30000	55346
1	30001	35000	31500
1	45001	50000	45500
1	50001	55000	52000
2	55001	60000	111500
1	90001	95000	93500
1	205001	210000	207465
1	565001	570000	569500
1	9005001	9010000	9006582
780			10,744,413

## CATEGORIES OF SHAREHOLDERS AS ON 30TH JUNE 2019

S. No.	NAME	% AGE	HOLDING
<b><u>DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN</u></b>			
1	MR. SAAD SAEED FARUQUI	0.0047	500
2	MR. SHAHRUKH SAEED FARUQUI	0.0047	500
3	BRIG (R) YASUB ALI DOGAR	0.0047	500
4	MR. HAIDER ALI HILALY	0.1443	15,500
5	MR. AZAM ADNAN KHAN	0.0047	500
6	MS. SANA SHAHZAD	0.0047	500
7	MR. TAHIR SOHAIL	0.0047	500
		0.1722	18,500
<b><u>ASSOCIATED COMPANIES</u></b>			
1	OPTIMUS LIMITED	83.9550	9,020,473
<b><u>OTHER COMPANIES</u></b>			
1	STATE LIFE INSURANCE CORP. OF PAKISTAN	1.9308	207,456
2	PYRAMID INVESTMENTS (PVT) LTD.	0.1667	17,912
3	BEAMING INVEST & SECURITIES (PVT.) LTD.	0.1666	17,900
4	DR. ARSLAN RAZAQUE SECURITIES (PVT.) LIMITED	0.1542	16,567
5	ESCORTS INVESTMENT BANK LIMITED	0.1098	11,800
6	NH SECURITIES (PVT) LIMITED.	0.0293	3,150
7	AL-HAQ SECURITIES (PVT) LTD.	0.0219	2,350
8	GULFINSURACNE COMPANY LTD	0.0109	1,175
9	PRUDENTIAL SECURITIES LIMITED	0.0070	750
10	SARFARZ MEHMOOD (PRIVATE) LTD	0.0057	617
11	S.H. BUKHARI SECURITIES (PVT) LIMITED	0.0055	587
12	LSE FINANCIAL SERVICES LIMITED	0.0055	587
13	FIKREES (PRIVATE) LIMITED	0.0047	500
14	MAM SECURITIES (PVT) LIMITED	0.0008	87
15	AZEE SECURITIES (PRIVATE) LIMITED	0.0005	55
16	MAPLE LEAF CAPITAL LIMITED	0.0000	1
		2.6199	281,494
<b><u>SHARES HELD BY THE GENERAL PUBLIC</u></b>		13.2529	1,423,946
<b>TOTAL:</b>		<b>100.0000</b>	<b>10,744,413</b>

## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Shareholder of CAPITAL ASSETS LEASING CORPORATION LIMITED and holding \_\_\_\_\_ Ordinary Shares as per Register Folio No. \_\_\_\_\_ or "CDC" Participant's I.D. No. \_\_\_\_\_ A/c No. \_\_\_\_\_ hereby appoint Mr. / Mrs. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her Mr. / Mrs. \_\_\_\_\_ of \_\_\_\_\_ as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 27<sup>th</sup> Annual General Meeting of the Company to be held on Monday, 28 October, 2019 and at any adjournment thereof.

Affix Revenue Stamp(s) of Rupees five  
Executant's Signature on Revenue Stamp(s)  
(Signature should agree with the Specimen Signature registered with the Company).

Executant's Computerized National Identity Card Number (CNIC) or Passport Number

_____ First Witness Signature	_____ Second Witness Signature
_____ Name in Block letters and Address	_____ Name in Block letters and Address
_____ Computerized National Identity Card Number or Passport Number of Witness	_____ Computerized National Identity Card Number or Passport Number of Witness

\_\_\_\_\_  
Proxy's Signature

**Notes:**

1. A Member entitled to attend and vote at the Meeting may appoint any other member as his/her proxy to attend and vote on his/her behalf. A proxy must be a member of the Company, however corporation may appoint a person who is not a member.
2. This form should be signed by the member or by his/her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument. The proxy form must be witnessed by two persons.
3. The form of the proxy together with the power of attorney, if any, under which it is signed or a notarially certified copy thereof, must be deposited duly completed in all respects at the Company's Registered office at least 48 hours before the time of holding the Meetings.
4. Signature should agree with the specimen registered with the Company.
5. The following requirements have to be met by CDC Account holders/Corporate entities:
  - i. The proxy form must be witnessed by two persons whose names, addresses and C.N.I.C. number should be mentioned on the form.
  - ii. Attested copies of C.N.I.C or Passport of the beneficial owners shall be furnished with the proxy form.
  - iii. The proxy shall produce his/her original C.N.I.C or passport at the time of meeting.



The Company Secretary  
Capital Assets Leasing Cooperation Limited  
D-131/A, Block 4, Clifton,  
Karachi

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