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PRIMUS LEASING LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Directors' Report

The Board of Directors of Primus Leasing Limited is pleased to present the fifth annual report together with Audited Financial Statements for the year ended December 31, 2022.

Pakistan's economy growth forecast is on slower side to less than 2% in fiscal year 2023 due to the impact of devastating floods, double digit inflation, import curtailment to control Current Account Deficit and a weak global demand likely to hamper exports. The Government is taking necessary measures like policy tightening and critical efforts to tackle sizable fiscal and external imbalances. The economic outlook will be shaped largely by the restoration of political stability and the continued implementation of reforms under the revived International Monetary Fund program to stabilize the economy and restore fiscal and external buffers. The Large-Scale Manufacturing has been affected by monetary tightening and SBP has already raised discount rate at 17% contributing to slowdown the economy. The political and financial uncertainty, coupled with devastating floods, have further aggravated the supply chain disruptions and dragged down it to negative growth of 3.68% during the period Jul-Dec 22 as compared to corresponding period last year. The recent IMF review in February 2023 of the extended arrangement under the Extended Fund Facility (EFF) for Pakistan for release of about US$1.2 billion has been completed with hope that it will be successfully revived once the Government complies with necessary measures envisaged during negotiations, which anticipates another wave of inflation.

Despite challenges affecting the economic situation of the country and NBFI sector as a whole, the Company showed excellent results for the year 2022 as summarized below:

(Figures in Rs.)

	2022/12	2021/12
Total revenues	311,010,312	156,027,853
Profit before taxation	162,473,847	96,873,998
Taxation	36,281,527	27,416,896
Profit for the period after taxation	126,192,320	69,457,102
Earnings per share	1.26	0.69

During the year, the management followed the strategy of selective expansion in the tested industrial/ service sectors and gradually improved penetration in performing areas. Also, additional facilities/ exposures were allowed to performing clients due to which fresh disbursement increased to Rs. 1.88 billion in 2022 from Rs. 1.34 million in 2021, showing a healthy growth 40%. PLL will continue following a cautious approach and will keep major focus on targeting the sectors falling under the ambit of essential services, a strategy that proved very beneficial in these trying times. As at Dec 31, 2022, almost all portfolio of the Company was performing with very negligible infection ratio. Breakthroughs have also been made with the few clients lagging behind in repayment and settlement is in progress. The prime objective, in these testing times, is to keep portfolio performing and be very prudent in future lending. The liquidity profile is under control with borrowing from parent company and external financial institutions. Also, as a strategy, PLL during the year continued selling corporate business to PBICL against a management fee to ease the pressure on liquidity.

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The Company has maintained sufficient provision against any potential default situation from its clients, a net charge of 0.77 million (Dec 2021: Rs. 0.32 million reversal) was made to comply with IFRS-9 Expected Credit Loss model. A higher charge has been on account of subjective provisioning to safeguard against any possible future adverse situation in any overdue accounts.

During the year, PLL also expanded Term Finance product for its existing clients and intends to build a collateralized portfolio also which will prove beneficial in difficult times. PLL will continue applying strong follow up to keep its portfolio clean and follow the practice of targeting sectors falling under essential services. Cautiously improving penetration in the existing markets and increasing geographic outreach will be the key focus of the Company for FY2023.

The Company is committed to continue improvements in the governance structure, policies and procedures to have a strong internal control system. Policies and procedures are continuously being reviewed for gaps and updated for regulatory and other changes in business processes.

The Board wishes to place its appreciation for the support and guidance of regulatory authorities.

On Behalf of the Board,

Chief Executive Officer
February 27, 2023

Director

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INDEPENDENT AUDITORS' REPORT

To the members of Primus Leasing Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of **Primus Leasing Limited** (the Company), which comprise the statement of financial position as at **31 December 2022**, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the period 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, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of the profit, its comprehensive income, the changes in equity and its cash flows for the period then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or 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 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.

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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

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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.

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 profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the period 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).

Other Matter

The financial statements of the Company for the year ended 31 December 2021 were audited by another firm of chartered accountants who expressed an unmodified opinion thereon in the audit report dated 10 March 2022.

The engagement partner on the audit resulting in this independent auditors' report is **Omer Chughtai**.

Chartered Accountants

Place: Karachi

Date: 24 March 2023

UDIN Number: AR2022101203bAj7ZzRN

PRIMUS LEASING LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

2022	2021		Note	2022	2021
(US Dollars)				(Rupees)	
		ASSETS			
		Non-current assets			
16,545	53,702	Property and equipment	4	3,744,417	9,490,750
1,732	3,120	Intangible assets	5	392,026	551,330
5,702,284	3,979,232	Net investment in finance lease	6	1,290,779,984	703,251,763
1,379,450	1,463,306	Long term finances and loans	7	312,254,910	258,610,851
37,122	2,169	Long-term loans to employees	8	8,403,116	383,355
3,026	3,819	Long-term deposits		685,000	675,000
-	8,088	Deferred taxation		-	1,429,505
7,140,159	5,513,436			1,616,259,453	974,392,554
		Current assets			
23,184	12,148	Accrued mark-up	9	5,247,901	2,146,837
3,821,939	4,007,559	Current maturity of non current assets	10	865,141,352	708,257,952
36,579	-	Taxation - net		8,280,179	-
2,183	2,695	Prepayments and other receivables	11	494,295	476,255
1,174,360	305,941	Bank balances	12	265,830,285	54,069,043
5,058,245	4,328,343			1,144,994,012	764,950,087
12,198,404	9,841,779	**Total assets**		2,761,253,465	1,739,342,641
		EQUITY AND LIABILITIES			
		Share capital and reserves			
		Authorised share capital			
4,417,705	5,658,333	100,000,000 (2021: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
4,417,705	5,658,333	Issued, subscribed and paid-up capital	14	1,000,000,000	1,000,000,000
262,729	188,306	Reserve		59,471,776	33,279,456
4,680,434	5,846,639	**Total equity**		1,059,471,776	1,033,279,456
		Non-current liabilities			
2,254,505	1,458,454	Long-term deposits	15	510,334,062	257,753,178
1,649,277	-	Long-term borrowing	16	373,333,330	-
2,544	12,437	Lease liability against right-of-use assets	21	575,639	2,198,064
32,130	-	Deferred taxation	17	7,272,942	-
3,938,456	1,470,891			891,515,973	259,951,242
		Current liabilities			
435,603	639,573	Current maturity of long term deposits	15	98,604,000	113,031,984
2,098,410	1,697,500	Loan from Holding Company	18	475,000,000	300,000,000
18,308	14,479	Payable to Holding Company	19	4,144,009	2,558,892
165,212	86,198	Accrued expenses and other liabilities	20	37,397,857	15,233,869
854,089	-	Current portion of long-term borrowing	16	193,333,338	-
7,892	21,014	Current portion of lease liability against right-of-use assets	21	1,786,512	3,713,851
-	65,485	Taxation - net		-	11,573,347
3,579,514	2,524,249			810,265,716	446,111,943
7,517,970	3,995,140	**Total liabilities**		1,701,781,689	706,063,185
12,198,404	9,841,779	**Total equity and liabilities**		2,761,253,465	1,739,342,641
		CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PRIMUS LEASING LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2022

2022	2021		Note	2022	2021
(US Dollars)				(Rupees)	
		INCOME			
893,959	618,933	Income from leasing operations	23	**202,358,336**	109,384,331
449,413	232,877	Income from finances and loans		**101,729,920**	41,156,448
1,343,372	851,810			**304,088,256**	150,540,779
		EXPENSES			
250,311	287,472	Administrative and general expenses	24	**56,660,943**	50,805,041
14,629	11,187	Provision for Provincial Workers Welfare Fund		**3,311,557**	1,977,000
387,856	37,882	Finance cost	25	**87,795,944**	6,695,073
(652,796)	(336,541)			**(147,768,444)**	(59,477,114)
30,580	31,048	Other income	26	**6,922,056**	5,487,074
721,156	546,317	**Profit for the year before provision and taxation**		**163,241,868**	96,550,739
(3,393)	1,829	(Charge) / Reversal of allowance against expected credit losses - net	27	**(768,021)**	323,259
717,763	548,146	**Profit for the year before taxation**		**162,473,847**	96,873,998
(160,281)	(155,134)	Taxation	28	**(36,281,527)**	(27,416,896)
557,482	393,012	**Profit for the year after taxation**		**126,192,320**	69,457,102
		Earnings per share	31	**1.26**	0.69

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PRIMUS LEASING LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

2022	2021		2022	2021
(US Dollars)			(Rupees)	
557,482	393,012	**Profit for the year after taxation**	**126,192,320**	69,457,102
-	-	Other comprehensive income	-	-
557,482	393,012	**Total comprehensive income for the year**	126,192,320	69,457,102

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PRIMUS LEASING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

Total		Issued, subscribed and paid-up capital	Revenue reserve	Total
			Unappropriated profit	
(USD)		(Rupees)		
4,522,945	**Balance as at January 1, 2021**	1,000,000,000	23,822,354	1,023,822,354
	Total comprehensive income for the year ended December 31, 2021			
306,841	Profit for the year after taxation	-	69,457,102	69,457,102
-	Other comprehensive income	-	-	-
306,841		-	69,457,102	69,457,102
	Transactions with owners directly recorded in equity			
(265,062)	Interim cash dividend @ Re. 0.60 per share for the year ended December 31, 2021	-	(60,000,000)	(60,000,000)
4,564,724	**Balance as at December 31, 2021**	1,000,000,000	33,279,456	1,033,279,456
	Total comprehensive income for the year ended December 31, 2022			
557,480	Profit for the year after taxation	-	126,192,320	126,192,320
-	Other comprehensive income	-	-	-
557,480		-	126,192,320	126,192,320
	Transactions with owners directly recorded in equity			
(441,770)	Interim cash dividend @ Re 1.00 per share for the year ended December 31, 2022	-	(100,000,000)	(100,000,000)
4,680,434	**Balance as at December 31, 2022**	1,000,000,000	59,471,776	1,059,471,776

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PRIMUS LEASING LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

2022	2021		Note	2022	2021
---------- (US Dollars) ----------				---------- (Rupees) ----------	
		CASH FLOWS FROM OPERATING ACTIVITIES			
717,763	548,146	Profit for the year before taxation		**162,473,847**	96,873,998
		Adjustments for non-cash and other items:			
23,909	39,429	Depreciation	24	**5,412,069**	6,968,281
1,355	15,434	Amortisation	24	**306,575**	2,727,553
-	(10,271)	Profit on letters of placement		**-**	(1,815,174)
650	4,025	Finance cost on lease liability against right-of-use assets		**147,091**	711,420
(449,413)	(232,877)	Income from finances and loans		**(101,729,920)**	(41,156,448)
3,393	(1,829)	Provision for expected credit losses	27	**768,021**	(323,259)
297,657	362,057			**67,377,683**	63,986,371
		(Increase) / decrease in assets			
(3,200,723)	(1,116,396)	Net investment in finance lease		**(724,521,770)**	(197,301,145)
(359,833)	(1,610,585)	Long-term finances, loans and loans to employees		**(81,452,559)**	(284,639,423)
(124)	(1,079)	Prepayments and other receivables		**(28,040)**	(190,675)
(3,560,680)	(2,728,060)			**(806,002,369)**	(482,131,243)
		Increase / (decrease) in liabilities			
1,052,089	357,177	Security deposits		**238,152,900**	63,123,991
7,003	(171)	Payable to Holding Company		**1,585,117**	(30,178)
424,388	53,383	Accrued expenses and other liabilities		**96,065,320**	9,434,317
1,483,480	410,389			**335,803,337**	72,528,130
(1,779,543)	(1,955,614)			**(402,821,349)**	(345,616,742)
(209,543)	(186,739)	Income tax paid		**(47,432,606)**	(33,002,517)
(1,989,086)	(2,142,353)	**Net cash used in operating activities**		**(450,253,955)**	(378,619,259)
		CASH FLOWS FROM INVESTING ACTIVITIES			
(2,225)	(8,951)	Fixed capital expenditure incurred		**(503,666)**	(1,581,995)
-	2,016,192	Proceeds against redemption of letters of placement		**-**	356,322,705
-	(1,263,735)	Investments made in letters of placement		**-**	(223,340,515)
435,713	232,165	Profit received on letters of placement and finance and loans		**98,628,856**	41,030,694
433,488	975,671	**Net cash generated from investing activities**		**98,125,190**	172,430,889
		CASH FLOWS FROM FINANCING ACTIVITIES			
2,503,366	-	Long term borrowing obtained		**566,666,668**	-
(326,474)	(10,008)	Finance cost paid		**(73,901,333)**	(1,768,702)
(441,770)	(339,500)	Dividend paid		**(100,000,000)**	(60,000,000)
(17,120)	(19,948)	Repayment of lease liability against right-of-use assets		**(3,875,328)**	(3,525,367)
1,718,002	(369,456)	**Net cash generated from / (used in) financing activities**		**388,890,007**	(65,294,069)
162,404	(1,536,138)	**Net increase / (decrease) in cash and cash equivalents**		**36,761,242**	(271,482,439)
(1,086,450)	144,579	Cash and cash equivalents at the beginning of the year		**(245,930,957)**	25,551,482
(924,046)	(1,391,559)	**Cash and cash equivalents at the end of the year**	13	**(209,169,715)**	(245,930,957)

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PRIMUS LEASING LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Primus Leasing Limited ("the Company") was incorporated in Pakistan as a public unlisted company on July 13, 2017 under the Companies Act, 2017. The registered office of the Company is situated at Horizon Vista, Commercial-10, Block-4, Scheme-5, Clifton, Karachi. The Company is licensed to carry out leasing business as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP). The Company has two offices with one located in Karachi and the other in Lahore.

The principal objective of the Company is to carry on and undertake the business of leasing of movable property for any purpose whatsoever including but not being limited to industrial, commercial, agricultural and other development purposes on such terms, covenants and conditions and at such rentals as may be deemed fit.

1.2 Primus Leasing Limited is a wholly owned subsidiary of Pak Brunei Investment Company Limited (Holding Company).

1.3 The VIS Credit Rating Agency (JCR-VIS) has assigned a long-term rating of A+ and a short-term rating of A-1 to the Company on December 16, 2022.

2 BASIS OF PREPARATION

2.1 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 as applicable in Pakistan comprise of:

- International Financial Reporting Standard (IFRSs), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Provisions of and directives issued under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, the NBFC Rules or the NBFC Regulations differ from the IFRSs, the provisions of and the directives issued under the Companies Act, 2017, the NBFC Rules or the NBFC Regulations prevail.

2.2 Accounting convention

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

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year:

2.3.1 Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 1 January 2022:

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
Subsidiary as a First-time Adopter (Amendment to IFRS 1)
Taxation in Fair Value Measurements (Amendment to IAS 41)
References to the Conceptual Framework (Amendments to IFRS 3)
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

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

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2.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

2.4.1 The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Amendments	Effective date (annual periods beginning on or after)
IAS 8 - Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12 - Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IAS 1 - Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 1 - Classification of Liabilities as Current or Non-Current (Amendments)	01 January 2024
IFRS 16 - Lease Liability in a Sale and Leaseback (Amendments)	01 January 2024
IFRS 10 / IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

The above amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods
IFRS 1 – First time adoption of IFRSs	01 July 2009
IFRS 17 – Insurance Contracts	01 January 2023

2.5 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of the Company's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions in accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in the application of accounting policies are as follows:

i) classification, valuation and impairment of financial assets (note 3.1.1);
ii) determination of residual values and useful lives of property and equipment (notes 3.2 and 4);
iii) contingencies (note 3.8);
iv) provision for taxation (notes 3.12, 17 and 28); and
v) Lease liability and right-of-use assets (notes 3.2.2, 4 and 21).

2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements have been presented in Pakistani Rupees, which is the functional and presentational currency of the Company.

The US dollar amounts shown in the Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income and Statement of Cash Flows are stated as additional information solely for the convenience of readers and are not audited. For the purpose of conversion to US Dollars, the rate of Rs. 226.36 (December 31, 2021: Rs. 176.73) to US Dollars has been used as it was the prevalent rate as on December 31, 2022.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.1.1 Financial assets

3.1.1.1 Initial recognition

Financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the statement of profit or loss.

3.1.1.2 Classification and subsequent measurement

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

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL).

The classification requirements for debt instruments are described below:

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments in one of the following three measurement categories:

a) At amortised cost:
The Company measures financial assets at amortised cost if the financial asset is held within a business model with an objective to hold and 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. Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.1.1.3. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

b) Fair value through other comprehensive income (FVOCI):
The Company measures financial assets at FVOCI if the financial asset is held within a business model with an objective of both holding to collect contractual cash flows and selling 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. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment losses or reversals, recognised and measured as described in note 3.1.1.3, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit or loss.

c) Fair value through profit or loss (FVPL):
Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognised in Statement of Profit or Loss in the period in which it arises.

3.1.1.3 Impairment

The Company assesses on a forward-looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.1.1.4 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

(i) the Company transfers substantially all the risks and rewards of ownership; or
(ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

3.1.1.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset.

3.1.2 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 are subsequently measured at amortised cost except for:

- Financial liabilities at fair value through profit and loss; and
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.

3.1.2.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the statement of profit or loss.

3.1.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.2 Property and equipment

3.2.1 Owned assets

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to the statement of profit or loss using the straight line method at the rates stated in note 4.1. Depreciation is charged from the month when the asset is available for use while no depreciation is charged from the date the asset is disposed off.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss in the financial year in which these are incurred.

Residual values and useful lives are reviewed at each reporting date and adjusted if the impact on depreciation is considered significant. Gain / loss on disposal of fixed assets is recognised in the statement of profit or loss in the period in which disposal is made.

3.2.2 Right-of-use assets and their related lease liability

Right-of-use assets

On initial recognition, right-of-use assets is measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or the site on which it is located.

Right-of-use assets is subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and is adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets is depreciated over the expected useful life using the straight-line method. Depreciation on additions (new leases) is charged from the month in which leases are entered into. No depreciation is charged in month in which the leases mature or are terminated.

Lease liability against right-of-use assets
The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also measured to reflect any remeasurement or change in lease terms. These remeasurement of lease liabilities are recognised as an adjustment to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the statement of profit or loss as financial charges over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised using the straight line method at the rate stated in note 5.1. The residual values and useful life are reviewed and adjusted, if appropriate at each reporting date.

Amortisation is charged from the date when the asset is available for use and no amortisation is charged from the date when the asset is disposed off.

3.4 Capital work-in-progress

Capital work-in-progress is stated at cost impairment in value, if any. These are transferred to specific assets as and when assets are available for use.

3.5 Net investment in finance lease

Leases in which the Company transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessees are classified as finance leases. A receivable is recognised at an amount equal to the present value of minimum lease payments, including any guaranteed residual value which are included in the financial statements as "net investment in finance lease".

3.6 Allowance for expected credit losses

The Company applies IFRS 9 simplified approach for lease and loan losses respectively to determine Expected Credit Losses (ECL). The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A lifetime ECL is recorded on loans and leases in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and on loans and leases which are credit impaired as on the reporting date. To assess whether there is a significant increase in the credit risk, the Company compares the risk of a default occurring on the loans and leases as at the reporting date with the risk of default as at the date of initial recognition. The allowance is increased by provisions charged to the statement of profit or loss and is decreased by charge-offs, net of recoveries.

Calculating ECL for lease and loan is subject to numerous judgments and estimates. In evaluating the adequacy of ECL, the management considers various factors, including the nature and characteristics of the obligor, current economic conditions, credit concentrations or deterioration in collateral and delinquencies. The management further considers the impact of forward-looking information and its resulting impact on the provision for lease and loan portfolio of the Company.

The Institute of Chartered Accountant of Pakistan (ICAP) has issued 'Accounting Guideline Application of IFRS 9 by Non-Banking Finance Companies' dated May 26, 2021, which allows NBFC's to apply the requirements of IFRS 9 in conjunction with the requirements of NBFC Regulations. Accordingly, the Company has recognised allowance for potential lease and other loans losses as the higher of provisioning requirements as specified under the NBFC Regulations and IFRS 9.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand, balances with banks in current and savings accounts and loan from Holding Company.

3.8 Contingencies

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

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arise from past events but it is not probable that an outflow of resources embodying benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.9 Borrowings

These are initially recognised at cost being the fair value of consideration received. Subsequently, these are carried at amortised cost.

Costs in respect of above are recognised as an expense in the period in which these are incurred.

Transaction costs, if any, are amortised over the period of agreement.

3.10 Staff retirement benefits

3.10.1 Defined contribution plan

The Company established a recognised provident fund for its employees under the provisions of a Trust Deed. The Fund has been approved by the Commissioner of Income Tax.

Equal monthly contributions are made to the Fund by the Company and the employees in accordance with the rules of the Fund. The Fund is governed under the Trust Act 1882, Trust Deed and Rules of the Fund, the Companies Act, 2017, Income Tax Ordinance, 2001 and Income Tax Rules, 2002. The Company has no further payment obligation once the contributions have been paid. The contributions made by the Company are recognised as employee benefit expense when they are due.

3.11 Revenue recognition

- The Company follows the 'financing method' in accounting for recognition of finance lease. The total unearned finance income i.e. the excess of aggregate instalment contract receivables plus residual value over the cost of the leased asset is deferred and then amortised over the term of the lease, so as to produce a systematic return on the net investment in finance leases.
- Front-end fee and other lease related income is recognised as income on a receipt basis.
- Profit on savings accounts and letters of placement is recognised on an accrual basis.
- Capital gains / (losses) on sale of investments are included in the statement of profit or loss on the date at which the transaction takes place.

3.12 Taxation

3.12.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and taxes paid under the final tax regime. The tax charge as calculated above is compared with turnover tax under Section 113 and Alternate Corporate Tax under Section 113C of the Income Tax Ordinance, 2001, and whichever is higher is provided for in the financial statements. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

3.12.2 Deferred

Deferred taxation is recognised using the balance sheet method on all major temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the end of the reporting period.

3.13 Proposed dividends and transfers between reserves

Dividends declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

4 PROPERTY AND EQUIPMENT

	Note	2022	2021
		(Rupees)	
Operating fixed assets	4.1	3,744,417	9,490,750

4.1 Operating fixed assets

Description	2022 Cost				Accumulated depreciation				Net book value	Depreciation rate (% per annum)
	As at January 1, 2022	Additions / modification during the year	Disposals during the year	As at December 31, 2022	As at January 1, 2022	Charge for the year / (reversal on disposal)	Disposals during the year	As at December 31, 2022	As at December 31, 2022	
	Rupees									
Leasehold improvements	4,732,035	-	-	4,732,035	3,715,632	946,404	-	4,662,036	69,999	20%
Furniture, fittings and office equipment	4,305,164	-	-	4,305,164	3,194,203	853,186	-	4,047,389	257,775	20%
Computers and accessories	2,270,968	272,895	(52,837)	2,491,026	1,974,022	203,084	(52,837)	2,124,269	366,757	33%
Motor vehicles	4,502,000	83,500	-	4,585,500	2,988,987	1,004,738	-	3,993,725	591,775	25%
Right-of-use assets	11,159,351	(690,659)	-	10,468,692	5,605,924	2,404,657	-	8,010,581	2,458,111	33.33%-36.36%
	26,969,518	(334,264)	(52,837)	26,582,417	17,478,768	5,412,069	(52,837)	22,838,000	3,744,417	

Description	2021 Cost				Accumulated depreciation				Net book value	Depreciation rate (% per annum)
	As at January 1, 2021	Additions / modification during the year	Disposals during the year	As at December 31, 2021	As at January 1, 2021	Charge for the year / (reversal on disposal)	Disposals during the year	As at December 31, 2021	As at December 31, 2021	
	Rupees									
Leasehold improvements	4,632,035	100,000	-	4,732,035	2,779,223	936,409	-	3,715,632	1,016,403	20%
Furniture, fittings and office equipment	4,145,924	159,240	-	4,305,164	2,352,348	841,855	-	3,194,203	1,110,961	20%
Computers and accessories	2,119,324	244,022	(92,378)	2,270,968	1,919,152	147,248	92,378	1,974,022	296,946	33%
Motor vehicles	4,502,000	-	-	4,502,000	1,976,034	1,012,953	-	2,988,987	1,513,013	25%
Right-of-use assets	10,874,534	284,817	-	11,159,351	1,576,108	4,029,816	-	5,605,924	5,553,427	33.33%-36.36%
	26,273,817	788,079	(92,378)	26,969,518	10,602,865	6,968,281	92,378	17,478,768	9,490,750	

4.2 The cost of fully depreciated fixed assets which are still in the Company's use as at December 31, 2022 amounted to Rs 8.509 million (2021: Rs. 1.722 million).

		Note	2022	2021
5	**INTANGIBLE ASSETS**		---- (Rupees) ----	
	Computer software and license	5.1	392,026	551,330

5.1 Following is a statement of intangible assets:

Description	Cost			Accumulated amortisation			Net book value	Amortisation rate (% per annum)
2022	As at January 1, 2022	Additions	As at December 31, 2022	As at January 1, 2022	Charge for the year	As at December 31, 2022	As at December 31, 2022	
	---Rupees---							
Computer software and license	8,912,485	147,271	9,059,756	8,361,155	306,575	8,667,730	392,026	33%

Description	Cost			Accumulated amortisation			Net book value	Amortisation rate (% per annum)
2021	As at January 1, 2021	Additions	As at December 31, 2021	As at January 1, 2021	Charge for the year	As at December 31, 2021	As at December 31, 2021	
	---Rupees---							
Computer software and license	8,118,569	793,916	8,912,485	5,633,602	2,727,553	8,361,155	551,330	33%

5.2 The cost of fully amortised intangible assets which are still in the Company's use as at December 31, 2022 amounted to Rs 8.118 million (2021: Rs. 8.118 million).

		Note	2022	2021
6	**NET INVESTMENT IN FINANCE LEASE**		---- (Rupees) ----	
	Net investment in finance lease	6.1	1,892,803,010	1,171,655,464
	Less: current maturity	6.1 & 10	(602,023,026)	(468,403,701)
			1,290,779,984	703,251,763

6.1 **Details of investment in finance lease:**

2022	Note	Not later than one year	Later than one year and less than five years	Total
		---- (Rupees) ----		
Minimum lease payments		733,726,000	953,468,532	1,687,194,532
Add: residual value of leased assets		98,604,000	510,334,062	608,938,062
Gross investment in finance lease		832,330,000	1,463,802,594	2,296,132,594
Less: unearned finance income		(218,755,280)	(166,959,460)	(385,714,740)
		613,574,720	1,296,843,134	1,910,417,854
Less: allowance for expected credit losses	27	(11,551,694)	(6,063,150)	(17,614,844)
		602,023,026	1,290,779,984	1,892,803,010

2021	Note	Not later than one year	Later than one year and less than five years	Total
		---- (Rupees) ----		
Minimum lease payments		453,183,378	517,253,521	970,436,899
Add: residual value of leased assets		113,031,984	257,753,178	370,785,162
Gross investment in finance lease		566,215,362	775,006,699	1,341,222,061
Less: unearned finance income		(90,402,582)	(65,792,528)	(156,195,110)
		475,812,780	709,214,171	1,185,026,951
Less: allowance for expected credit losses	27	(7,409,079)	(5,962,408)	(13,371,487)
		468,403,701	703,251,763	1,171,655,464

6.2 The net investment in finance lease is secured against aggregated amount of leased assets and security deposit of Rs 608.938 million (2021: Rs 370.785 million). The above security deposit averages about 21.92% (2021: 21.29%) of the cost of leased asset. The implicit rate of return on lease ranges between 14.00% and 22.68% per annum (2021: 11.57% - 21.00% per annum).

6.3 Lease rentals received during the year were Rs 602.792 million (2021: 441.088 million) and income of Rs. 2.479 million (2021: 1.224 million) was suspended during the year December 31, 2022.

		Note	2022	2021
7	**LONG TERM FINANCES AND LOANS**		(Rupees)	
	Considered good			
	Vehicle finance / Term Loan - secured	7.1	572,305,696	502,599,942
	Less: allowance for expected credit losses	27	(909,920)	(4,385,256)
			571,395,776	498,214,686
	Less: current maturity	10	(259,140,866)	(239,603,835)
			312,254,910	258,610,851

7.1 This represents vehicle finance / term loan offered to various customers on a mark-up basis. The mark-up on these loans ranges from 15.94% to 23% (2021: 11.56% to 21.00%) per annum. These are secured against immoveable property, personal guarantees and lien over vehicles along with post dated cheques.

		Note	2022	2021
8	**LONG-TERM LOANS TO EMPLOYEES**		(Rupees)	
	Loans to Key management personnel		1,847,085	-
	Other employees		10,533,491	633,771
		8.1	12,380,576	633,771
	Less: current maturity			
	Loans to Key management personnel		(714,996)	-
	Other employees		(3,262,464)	(250,416)
		10	(3,977,460)	(250,416)
			8,403,116	383,355

8.1 These represent interest free loans provided to employees of the Company for the purchase of vehicle and meeting their emergent expenditure. The loans are secured against lien on vehicle and provident fund balances and are recoverable within three to five years.

8.2 **Movement of carrying amount of loans to Key management personnel and employees:**

	2022	2021
	(Rupees)	
Opening balance	633,771	986,637
Disbursements during the year	13,098,000	275,040
Repayments during the year	(1,351,195)	(627,906)
Closing balance	12,380,576	633,771

8.3 The maximum aggregate amount due from the employees at the end of any month during the year was Rs. 12.38 million (2021: Rs. 1.152 million).

		Note	2022	2021
9	**ACCRUED MARK-UP**		(Rupees)	
	Mark-up accrued on:			
	- Finances and loans		5,247,901	2,146,837
			5,247,901	2,146,837
10	**CURRENT MATURITY OF NON CURRENT ASSETS**			
	Current maturity of:			
	Net Investment in finance lease	6	602,023,026	468,403,701
	Long term finances and loans	7	259,140,866	239,603,835
	Long-term loans to employees	8	3,977,460	250,416
			865,141,352	708,257,952

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	Note	2022	2021
		(Rupees)	
11 PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		320,320	450,305
Other receivables		28,762	25,950
Advance from customers		145,213	-
		494,295	476,255
12 BANK BALANCES			
Balances with banks in:			
Current accounts		3,708,720	6,713,745
Savings accounts	12.1	262,121,565	47,355,298
		265,830,285	54,069,043

12.1 These carry mark-up at the rates ranging between 8.75% - 14.00% per annum (December 31, 2021: 7.25% - 8.00% per annum).

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following:

	Note	2022	2021
		Rupees	
Cash and bank balances	12	265,830,285	54,069,043
Loan from Holding Company	18	(475,000,000)	(300,000,000)
		(209,169,715)	(245,930,957)

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021		Note	2022	2021
Number of shares				(Rupees)	
100,000,000	100,000,000	ordinary shares of Rs. 10 each fully paid in cash	14.1	1,000,000,000	1,000,000,000

14.1 As at December 31, 2022, the Holding Company and its nominee directors own 100% (2021: 100%) of the issued, subscribed and paid-up capital of the Company.

	Note	2022	2021
		(Rupees)	
15 LONG-TERM DEPOSITS			
Security deposit on finance lease	15.1	608,938,062	370,785,162
Less: repayable / adjustable within 12 months		98,604,000	113,031,984
		510,334,062	257,753,178

15.1 These represent deposits received from lessees under finance lease contracts which are adjustable at the expiry of the lease period.

		2022	2021
		(Rupees)	
16 LONG-TERM BORROWINGS			
Term finance facility	16.1	166,666,668	-
Term finance facility	16.2	200,000,000	-
Term finance facility	16.3	200,000,000	-
		566,666,668	-
Less: Repayable within 12 months		(193,333,338)	-
		373,333,330	-

16.1 This represents the term finance facility extended by Allied Bank Limited under an agreement entered into with the Company on April 20, 2022. The facility is secured against a pari passu hypothecation charge over the Company's present and future book debts, deposits and receivables for a value of Rs. 267 million and markup is charged at the rate of 3 months KIBOR plus 75 basis points and are due to mature latest by April 28, 2025.

16.2 This represents the term finance facility extended by Allied Bank Limited under an agreement entered into with the Company on December 20, 2022. The facility is secured against ranking charge to be upgraded to a pari passu hypothecation charge over the Company's present and future book debts, deposits and receivables for a value of Rs. 267 million and markup is charged at the rate of 3 months KIBOR plus 75 basis points and are due to mature latest by December 31, 2025.

16.3 This represents the term finance facility extended by United Bank Limited under an agreement entered into with the Company on September 30, 2022. The facility is secured against a pari passu hypothecation charge over the Company's present and future book debts, deposits and receivables for a value of Rs. 267 million and markup is charged at the rate of 3 months KIBOR plus 100 basis points and are due to mature latest by September 30, 2025.

17 DEFERRED TAXATION

	2022	2021
	(Rupees)	
Deferred tax assets arising on deductible temporary differences		
- Allowance for expected credit losses	5,372,182	5,149,455
- Lease liability against right-of-use assets	685,024	1,714,455
- Accelerated tax depreciation and amortisation	1,471,374	950,822
	7,528,580	7,814,732
Deferred tax liabilities arising on taxable temporary differences		
- Right-of-use assets	712,852	1,610,494
- Net investment in finance lease	14,088,668	4,774,733
	14,801,520	6,385,227
	7,272,940	(1,429,505)

18 LOAN FROM HOLDING COMPANY

	2022	2021
Money market facility	475,000,000	300,000,000

18.1 This represents the money market facility extended by the Holding Company, under an agreement entered into with the Company on October 25, 2022, for the purpose of meeting working capital requirements of the Company.

18.2 The facility is secured against first hypothecation charge on the Company's assets including its loan and lease portfolio and all receivables thereto and markup is charged at the rate of KIBOR plus 125 basis points and is due to mature latest by October 25, 2023.

19 PAYABLE TO HOLDING COMPANY

	Note	2022	2021
		(Rupees)	
Rent expense incurred on behalf of the Company		60,960	57,912
Other payables	19.1	4,083,049	2,500,980
		4,144,009	2,558,892

19.1 This includes amounts payable in respect of service level agreement and other general and administrative expenses paid by Holding Company on behalf of the Company and rental received from customer on behalf of the Holding Company. The balance is net of payments made by the Company on behalf of Holding Company.

20 ACCRUED EXPENSES AND OTHER LIABILITIES

	2022	2021
	(Rupees)	
Accrued expenses	6,561,818	4,360,978
Accrued interest on loan from Holding Company	12,336,921	4,080,493
Accrued interest on long term Borrowing	5,264,571	-
Provision for Provincial Workers' Welfare Fund	8,017,272	4,705,566
Advance tax on purchase of motor vehicles	354,861	354,861
Withholding taxes payable	12,489	4,575
Advance from customers	-	1,727,325
Other payables	4,849,925	71
	37,397,857	15,233,869

21 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

	2022	2021
	(Rupees)	
Lease liability against right-of-use assets - property	2,362,151	5,911,915
Present value of minimum lease payments	2,362,151	5,911,915
Less: current portion	(1,786,512)	(3,713,851)
	575,639	2,198,064

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22 CONTINGENCIES AND COMMITMENTS

There were no material contingencies and commitments as at December 31, 2022 and December 31, 2021.

		Note	2022	2021
			(Rupees)	
23	**INCOME FROM LEASING OPERATIONS**			
	Lease finance income		192,460,220	99,931,320
	Front-end fee		4,859,923	3,031,900
	Documentation charges		2,065,900	2,163,115
	Others		2,972,293	4,257,996
			202,358,336	109,384,331
24	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Salaries and other allowances	24.1 & 24.2	38,991,978	33,033,367
	Utilities		575,991	426,243
	Insurance		868,995	611,298
	Communication		874,730	997,254
	Legal and professional charges		2,105,531	1,622,153
	Depreciation	4.1	5,412,069	6,968,281
	Amortisation	5.1	306,575	2,727,553
	Travelling		425,667	85,460
	Auditors' remuneration	24.3	623,700	356,528
	Vehicle running expenses		3,644,910	2,218,120
	Printing and stationery		455,311	169,285
	Repairs and maintenance		990,282	448,288
	Office general expenses		785,204	591,211
	Directors' fee for attending meetings		600,000	550,000
			56,660,943	50,805,041
24.1	Salaries and benefits		37,977,536	32,193,526
	Contribution to defined contribution plan	24.1.1	1,014,442	839,841
			38,991,978	33,033,367

24.1.1 Defined contribution plan - provident fund

During the year an amount of Rs. 1,014,442 (2021: Rs. 839,841) has been charged to the statement of profit or loss in respect of the Company's contributions to the employees provident fund.

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

24.2 These include Rs. 8.248 million (2021: Rs. 8.248 million) allocated to the Company in respect of employees of finance, internal audit, research, credit risk management and other departments of Holding Company utilised by the Company under the Service Level Agreement entered into between the two entities.

		2022	2021
		(Rupees)	
24.3	**Auditors' remuneration**		
	Annual audit fee	400,000	199,650
	Half yearly review fee	125,000	99,825
	Sales tax on audit fee	46,200	27,105
	Out of pocket expenses	52,500	29,948
		623,700	356,528
25	**FINANCE COST**		
	Finance cost on loan from Holding Company	59,096,957	5,849,195
	Finance cost on long term Borrowings	28,325,375	-
	Finance cost on lease liability against right-of-use assets	147,091	711,420
	Others	226,521	134,458
		87,795,944	6,695,073

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	Note	2022	2021
		(Rupees)	

26 OTHER INCOME

	Note	2022	2021
Profit on bank balances		5,159,790	2,203,732
Income on letters of placement issued by the Holding Company		-	1,815,174
Management fee	26.1	1,732,266	556,411
Other		30,000	911,757
		6,922,056	5,487,074

26.1 This primarily includes management fee in respect of leases transferred to the Holding Company.

27 ALLOWANCE FOR EXPECTED CREDIT LOSSES

	2022		
	Finance leases	Finances and loans	Total
	Rupees		
Balance at beginning of the year	13,371,487	4,385,256	17,756,743
Provision made during the year	4,243,357	-	4,243,357
Reversal made during the year	-	(3,475,336)	(3,475,336)
	4,243,357	(3,475,336)	768,021
Balance at the end of the year	17,614,844	909,920	18,524,764

	2021		
	Finance leases	Finances and loans	Total
	Rupees		
Balance at beginning of the year	14,815,887	3,264,115	18,080,002
Provision made during the year	-	1,121,141	1,121,141
Reversal made during the year	(1,444,400)	-	(1,444,400)
	(1,444,400)	1,121,141	(323,259)
Balance at the end of the year	13,371,487	4,385,256	17,756,743

28 TAXATION

	Note	2022	2021
		(Rupees)	
Current		28,148,231	43,389,725
Prior year		(569,151)	84,359
Deferred		8,702,447	(16,057,188)
	28.1 & 28.2	36,281,527	27,416,896

28.1 Provision for current taxation is based on Alternate Corporate Tax as per section 113C of ITO 2001 at 17% rate. Accordingly the reconciliation between accounting profit before tax and tax expense has not been presented in these financial statements.

28.2 The returns of income for tax year 2019, 2020 and 2021 have been filed and are treated to be deemed assessment under the provisions of section 120 of the Income Tax Ordinance, 2001. Till date no tax year has been opened for assessment by the tax authorities.

29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year in respect of the remuneration and benefits to the Chief Executive, Directors and Executives are as follows:

	2022			
	Chief Executive Officer *	Directors	Executives **	Total
	Rupees			
Managerial remuneration	4,970,680	-	-	4,970,680
Other allowances	4,066,920	-	-	4,066,920
Bonus and incentives	3,396,250	-	-	3,396,250
Fee for attending Board meetings ***	-	600,000	-	600,000
	12,433,850	600,000	-	13,033,850
Number of persons	1	5	-	6

	2021			
	Chief Executive Officer *	Directors	Executives **	Total
	---------- Rupees ----------			
Managerial remuneration	4,397,250	-	-	4,397,250
Other allowances	3,597,750	-	-	3,597,750
Bonus and incentives	2,464,594	-	-	2,464,594
Fee for attending Board meetings ***	-	550,000	-	550,000
	10,459,594	550,000	-	11,009,594
Number of persons	1	5	-	6

* The Chief Executive Officer is provided with a Company maintained car and mobile phone as per the terms of employment.

** Executives are on the payroll of the Holding Company and their cost is charged to the Company under service level agreement.

*** This represents fee paid to two independent directors.

30 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprises of Holding Company, directors and key management personnel of the Company, entities under common control (including provident fund) and other group companies.

The details of transactions carried out with related parties during the year and balances outstanding with them as at the year end are as follows:

	2022	2021
	---------- (Rupees) ----------	
30.1 Transactions with related parties during the year		
Holding Company		
Salaries and allowances incurred on behalf of the Company	8,248,500	8,248,500
Rent and maintenance expense incurred on behalf of Company	-	953,528
Expenses paid by the Company on behalf of Holding Company	1,807,132	1,513,322
Investments encashed during the year	-	356,322,705
Investments purchased by the Company	-	223,340,515
Mark-up received on Letters of placements	-	1,866,181
Dividend paid by the Company	100,000,000	60,000,000
Payment made against intra company balance with Holding Company	5,959,060	8,754,293
Lease and Finances and Loans transferred to the Holding Company	245,830,690	221,666,176
Payment received against transferred Lease and Finances and Loans	245,830,690	221,666,176
Financing obtained by the Company	350,000,000	565,000,000
Repayment of financing by the Company	175,000,000	265,000,000
Finance cost paid on financing	50,840,529	1,768,702
Rental income	780,266	556,411
Finance cost incurred on the financing obtained from the Holding Company	59,096,957	5,849,195
Directors and key management personnel		
Remuneration of Chief Executive Officer	12,433,850	10,459,594
Proceeds from disposal of fixed asset to CEO	-	50,000
Gain from disposal of fixed asset to CEO	-	50,000
Fee for attending board meetings	600,000	550,000
Loan to Chief Executive Officer	2,145,000	-
Primus Leasing Limited staff provident fund		
Charge in respect of Provident Fund	1,014,442	839,841
Contribution to Provident Fund	2,028,884	1,679,682
30.2 Balances with related parties as at year end		
Payable to Holding Company	4,144,009	2,558,892
Accrued Mark up on loan from Holding Company	12,336,921	4,080,493
Loan outstanding from Holding Company	475,000,000	300,000,000
Loan outstanding to Chief Executive Officer	1,847,085	-

30.3 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

S. No.	Name of related party	Basis of association / relationship	Aggregate % of shareholding
1	Pak Brunei Investment Company Limited	Holding Company	100%
2	Primus Leasing Limited staff provident fund	Staff retirement plan	N/A
3	Mr. Irfan Ahmed	Chief Executive Officer	N/A
4	Mr. Zafar Iqbal Sobani	Director	N/A
5	Mr. Ayyaz Ahmad	Director	N/A

30.4 Amounts due to and from related parties have been disclosed separately in the statement of financial position and in the respective notes to the financial statements.

	2022	2021
	(Rupees)	
31 EARNINGS PER SHARE- BASIC AND DILUTED		
Profit for the year after taxation	126,192,320	69,457,102
	(No. of Shares)	
Weighted average number of ordinary shares	100,000,000	100,000,000
	(Rupees)	
Earnings per share - basic and diluted	1.26	0.69
32 STAFF STRENGTH	(Number of staff)	
Total number of employees at the end of the year	11	11
Average number of employees during the year	10	10

33 FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	2022		
	At fair value through profit or loss	Amortised cost	Total
	Rupees		
Financial assets			
Net investment in finance lease	-	1,892,803,010	1,892,803,010
Finances and loans	-	571,395,776	571,395,776
Loans to employees	-	12,380,576	12,380,576
Long-term deposits	-	685,000	685,000
Accrued mark-up	-	5,247,901	5,247,901
Bank balances	-	265,830,285	265,830,285
	-	2,748,342,548	2,748,342,548

Particulars	2022		
	At fair value through profit or loss	Amortised cost	Total
	Rupees		
Financial liabilities			
Payable to Holding Company	-	4,144,009	4,144,009
Lease liability against right-of-use assets	-	2,362,151	2,362,151
Loan from Holding Company	-	475,000,000	475,000,000
Accrued expenses and other liabilities	-	29,013,235	29,013,235
Long-term deposits	-	608,938,062	608,938,062
Long-term borrowing	-	566,666,668	566,666,668
	-	1,686,124,125	1,686,124,125

Particulars	2021		
	At fair value through profit or loss	Amortised cost	Total
	Rupees		
Financial assets			
Net investment in finance lease	-	1,171,655,464	1,171,655,464
Finances and loans	-	498,214,686	498,214,686
Loans to employees	-	633,771	633,771
Long-term deposits	-	675,000	675,000
Accrued mark-up	-	2,146,837	2,146,837
Bank balances	-	54,069,043	54,069,043
	-	1,727,394,801	1,727,394,801

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Particulars	2021 At fair value through profit or loss	2021 Amortised cost	2021 Total
	----- Rupees -----		
Financial liabilities			
Payable to Holding Company	-	2,558,892	2,558,892
Lease liability against right-of-use assets	-	5,911,915	5,911,915
Loan from Holding Company	-	300,000,000	300,000,000
Accrued expenses and other liabilities	-	8,441,542	8,441,542
Long-term deposits	-	370,785,162	370,785,162
	-	687,697,511	687,697,511

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

34.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices (e.g. foreign exchange rates, interest rates, equity prices, etc.). The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing returns to shareholders.

Market risk comprises three types of risks: currency risk, yield / interest rate risk and other price risk.

34.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present, is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

34.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's floating interest rates financial assets. Financial instruments include balances of Rs. 1.682 billion (2021: 1.411 billion) which are subject to interest rate risk.

a) Sensitivity analysis for variable rate financial instruments
The Company has extended KIBOR based leases and finances to various counter parties that expose the Company to cash flow interest risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax for the year ended December 31, 2022 would have been higher / lower by Rs. 24.653 million (2021: Rs. 16.695 million).

b) Sensitivity analysis for fixed rate financial instruments
As at December 31, 2022, the Company maintains balances with banks in savings accounts which are interest bearing and expose the Company to fair value interest rate risk. The income from these financial assets is substantially independent of changes in market interest rates except for changes, if any, arising as a result of fluctuations in their respective fair values.

The yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of the contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The maturity analysis and interest rate profile of the Company's financial instruments are as follows:

	2022							
	Effective yield / interest rate %	Exposed to yield / Interest rate risk					Not exposed to yield / interest rate risk	Total
		Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years		
		Rupees						
On-balance sheet financial instruments								
Financial assets								
Net investment in finance lease	12.62% - 22.68%	52,521,657	105,042,859	383,031,356	1,352,207,138	-	-	1,892,803,010
Finances and loans	23.00% - 15.94%	22,645,333	45,290,668	191,204,865	312,254,910	-	-	571,395,776
Loans to employees	-	-	-	-	-	-	12,380,576	12,380,576
Long-term deposits	-	-	-	-	-	-	685,000	685,000
Accrued mark-up	-	-	-	-	-	-	5,247,901	5,247,901
Bank balances	4.50% - 14.50%	262,121,565	-	-	-	-	3,708,720	265,830,285
Total		337,288,555	150,333,527	574,236,221	1,664,462,048	-	22,022,197	2,748,342,548
Financial liabilities								
Payable to Holding Company		-	-	-	-	-	4,144,009	4,144,009
Lease liability against right-of-use assets		37,390	1,373,953	604,110	346,698	-	-	2,362,151
Loan from Holding Company	11.54% - 17.38%	315,000,000	160,000,000	-	-	-	-	475,000,000
Long-term borrowing	14.53% - 18.06%	-	33,333,333	160,000,000	373,333,335	-	-	566,666,668
Accrued expenses and other liabilities		-	-	-	-	-	29,013,235	29,013,235
		315,037,390	194,707,286	160,604,110	373,680,033	-	33,157,244	1,077,186,063
On-balance sheet gap (a)		22,251,165	(44,373,759)	413,632,111	1,290,782,015	-	(11,135,047)	1,671,156,485
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		22,251,165	(44,373,759)	413,632,111	1,290,782,015	-		
Cumulative interest rate sensitivity gap		22,251,165	(22,122,594)	391,509,517	1,682,291,532	1,682,291,532		

	2021							
	Effective yield / interest rate %	Exposed to yield / interest rate risk					Not exposed to yield / interest rate risk	Total
		Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years		
		Rupees						
On-balance sheet financial instruments								
Financial assets								
Net investment in finance lease	11.57% - 21%	31,007,689	48,972,450	383,031,356	708,643,969	-	-	1,171,655,464
Finances and loans	10.56% - 19.90%	39,910,709	20,900,879	178,792,247	258,610,851	-	-	498,214,686
Loans to employees	-	-	-	-	-	-	633,771	633,771
Long-term deposits	-	-	-	-	-	-	675,000	675,000
Accrued mark-up	-	-	-	-	-	-	2,146,837	2,146,837
Bank balances	7.25% - 8%	47,355,298	-	-	-	-	6,713,745	54,069,043
Total		118,273,696	69,873,329	561,823,603	967,254,820	-	10,169,353	1,727,394,801
Financial liabilities								
Payable to Holding Company		-	-	-	-	-	2,558,892	2,558,892
Lease liability against right-of-use assets		37,390	1,373,953	2,302,508	2,198,064	-	-	5,911,915
Loan from Holding Company	9.86% - 11.59%	225,000,000	75,000,000	-	-	-	-	300,000,000
Accrued expenses and other liabilities		-	-	-	-	-	8,441,542	8,441,542
		225,037,390	76,373,953	2,302,508	2,198,064	-	11,000,434	316,912,349
On-balance sheet gap (a)		(106,763,694)	(6,500,624)	559,521,095	965,056,756	-	(831,081)	1,410,482,452
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		(106,763,694)	(6,500,624)	559,521,095	965,056,756	-		
Cumulative interest rate sensitivity gap		(106,763,694)	(113,264,318)	446,256,777	1,411,313,533	1,411,313,533		

34.1.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

Currently, the Company does not have any instruments which expose it to price risk.

34.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The risk is generally limited to principal amounts and accrued profit thereon, if any. The Company has established procedures to manage credit exposure including credit approval limit, credit exposure limits, collateral and guarantee requirements. These procedures incorporate both internal guidelines as well as the requirements of the NBFC Rules and the NBFC Regulations. The Company also manages credit risk through an independent credit department which evaluates customers' credit worthiness and obtains adequate securities where applicable.

All investing transactions are settled / paid for upon delivery. The Company's policy is to enter into financial instrument contracts by following internal guidelines for approval.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. As at December 31, 2022, the assets which were subject to credit risk amounted to Rs. 2.749 billion (2021: Rs 1.727 billion). The maximum exposure to credit risk at the reporting date is the carrying amount of these financial assets.

The Company controls the credit quality of receivables through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For such purpose, the Company has established exposure limits for single lessees and industrial sectors. The Company has an effective rental monitoring system which allows it to evaluate customers' credit worthiness and identify potential problem accounts. An allowance for potential lease losses is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease portfolios that can be reasonably anticipated. The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history.

The credit quality of the Company's bank balances is assessed with reference to external credit ratings which in all cases are above the minimum investment grade rating.

Particulars	Long-term rating	Short-term rating	Rating agency	As at December 31, 2022
				-----Rupees----
Bank balances				
Bank Alfalah Limited	AA+	A-1+	PACRA	7,624,259
United Bank Limited	AAA	A-1+	VIS	257,158,996
Meezan Bank Limited	AAA	A-1+	VIS	756,030
Allied Bank Limited	AAA	A-1+	PACRA	291,000
State Bank of Pakistan	Unrated	Unrated	-	10,000

The Company does not hold any other financial assets which are rated.

34.2.1 Credit rating and probability of default (PD) estimation process

The Company's PD estimation process is based on the probability of default assigned to each customer according to their historical credit losses experience, adjusted for forward-looking information.

The carriyong value of non-performing receivables is as follows:

	------------------2022------------------		
Days past due	Finance	Finances &	Total
151 - 180 Days	11,029,586	-	11,029,586
181 - 360 Days	-	-	-
361 - 390 Days	12,126,300	-	12,126,300
	23,155,886	-	23,155,886
Less: Specific provision	13,255,362	-	13,255,362
Net of provision	9,900,524	-	9,900,524
Coverage ratio	57.24%	0.00%	57.24%

	------------------2021------------------		
Days past due	Finance Lease (net of security	Finances & Loans	Total
151 - 180 Days	-	-	-
181 - 360 Days	7,319,622	-	7,319,622
361 - 390 Days	-	-	-
	7,319,622	-	7,319,622
Less: Specific provision	3,293,830	-	3,293,830
Net of provision	4,025,792	-	4,025,792
Coverage ratio	45.00%	0.00%	45.00%

34.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as these fall due. Liquidity risk arises because of the possibility that the Company will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below summarises the Company's financial liabilities into relevant maturity groupings based on the remaining period at reporting date to contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	2022				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	Rupees				
Payable to Holding Company	4,144,009	4,144,009	4,144,009	-	-
Lease liability against right-of-use assets	2,362,151	2,915,160	1,939,800	548,640	426,720
Loan from Holding Company	475,000,000	493,844,584	493,844,584	-	-
Long term borrowings	566,666,668	779,702,836	67,660,277	247,175,253	464,867,306
Accrued expenses and other liabilities	29,013,235	29,013,235	29,013,235	-	-
	1,077,186,063	1,309,619,824	596,601,905	247,723,893	465,294,026

	2021				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	Rupees				
Payable to Holding Company	2,558,892	2,558,892	2,558,892	-	-
Lease liability against right-of-use assets	5,911,915	6,302,808	367,382	3,582,397	2,353,029
Loan from Holding Company	300,000,000	307,613,630	307,613,630	-	-
Accrued expenses and other liabilities	8,441,542	8,441,542	8,441,542	-	-
	316,912,349	324,916,872	318,981,446	3,582,397	2,353,029

35 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholders' value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. As at the reporting date, the Company is primarily financed through equity and borrowing from the Holding Company.

The Company is subject to externally imposed minimum equity requirement laid down under the NBFC Rules, 2003 and the NBFC Regulation, 2008 for providing leasing services and, being a non-deposit taking NBFC, is required to maintain minimum equity of Rs 50 million at all times. The Company has maintained and complied with this minimum equity requirement throughout the current year.

36 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all financial assets and liabilities is considered not to be significantly different from book values as the items are either short-term in nature or are periodically repriced.

Fair value hierarchy

As per the requirements of IFRS 13 "Fair Value Measurement", the Company shall classify fair value instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2022, the Company does not hold any financial asset at fair value.

37 CORRESPONDING FIGURES

Corresponding figures have been reclassified and rearranged in these financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these financial statements.

38 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 27 FEB 2023 by the Board of Directors of the Company.

39 GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR