



**Capital Assets Leasing  
Corporation Limited**

**28<sup>th</sup> Annual Report 2020**

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**CORPORATE INFORMATION**

<b>Board of Directors:</b>	Mr. Muhammad Danish Hussain (Chairman) Mr. Saad Saeed Faruqui Mr. Shahrukh Saeed Faruqui Mr. Brig (R) Yasub Ali Dogar Mr. Azam Adnan Khan Ms. Sana Shahzad Mr. Tahir Sohail
<b>Audit Committee:</b>	Ms. Brig (R) Yasub Ali Dogar (Chairman) Mr. Shahrukh Saeed Faruqui (Member) Mr. Tahir Sohail (Member)
<b>HR &amp; Remuneration Committee:</b>	Mr. Brig (R) Yasub Ali Dogar Mr. Irfan Ahmad Mr. Azam Adnan Khan
<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 (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 28<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that 28<sup>th</sup> Annual General Meeting of Capital Assets Leasing Corporation Limited (the "Company") will be held on Wednesday 28<sup>th</sup> October 2020 at 06:15 p.m. through video-link arrangement, to transact the following business:

1. To confirm the minutes of 10<sup>th</sup> Extra Ordinary General Meeting held on Friday 26<sup>th</sup> June 2020 at 03:30 p.m. through video-link arrangement at D-131/A, Block 4, Clifton Karachi.
2. To receive, consider and adopt the Audited Financial Statement together with the Director' Report of the Company for the year ended June 30, 2020
3. To appoint Auditors for the next financial year ending June 30, 2021 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.

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

**Karachi: October 07, 2020**

### Notes:

1. To participate in the AGM through video-link, members are requested to get their particulars (i.e., Name/Folio No./CNIC No./Mobile No./email address) registered by sending email to [calcorp@optimus.com.pk](mailto:calcorp@optimus.com.pk) at least 48 hours before the time of AGM. The Company will provide a video link via email to registered members, after necessary verification.
2. The share transfer book of the Company will remain closed from 21<sup>st</sup> October 2020 to 28<sup>th</sup> October 2020 (both days inclusive). Transfers received in order by our Shares Registrar, F.D Registrar Services (Pvt.) Limited, 17<sup>th</sup> Floor, Saima Trade Tower-A, I.I Chundrigar Road. Karachi at the close of business on October 20, 2020 will be considered in time to attend and vote at the meeting.
3. 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 or through email at [calcorp@optimus.com.pk](mailto:calcorp@optimus.com.pk) not less than 48 hours before the time of the Meeting.
4. 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.
5. 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.
6. 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 (Pvt.) Limited, 17<sup>th</sup> Floor, Saima Trade Tower-A, I.I. Chundrigar Road. Karachi at the earliest
7. 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 (The Company) contributed effectively in guiding the management in manage company company's affairs and the Board has played a key role in monitoring the performance of the management while focus in major areas of the business.

For the financial year ended June 30, 2020 the Board's overall performance and effectiveness had been considered as satisfactory.

The Board of Directors of the Company received 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 taken by the Board.

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

Chairman

Karachi: October 07, 2020

## DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the 28<sup>th</sup> annual report along with the audited accounts of Capital Assets Leasing Corporation Limited for the year ended June 30th, 2020.

### FINANCIAL HIGHLIGHTS

The key operating results for the year ended June 30th, 2020 and their comparison with the results of the previous year is summarized below:

	Rupees	
	2020	2019
Income From Operations	31,899,362	50,369,409
Other Operating Income	8,975,548	8,277,265
<b>Total Income</b>	<b>40,874,910</b>	<b>58,646,674</b>
<b>Expenses</b>		
Operating Expenses	(17,310,865)	(16,627,396)
Financial Charges	(11,364,742)	(14,639,994)
<b>Total Expenses</b>	<b>(28,675,607)</b>	<b>(31,267,390)</b>
<b>Profit before tax</b>	<b>12,199,303</b>	<b>27,379,284</b>
Taxation	(3,532,016)	(7,231,910)
<b>Profit after taxation</b>	<b>8,667,287</b>	<b>20,147,374</b>
Earnings Per Share	<b>0.81</b>	<b>1.88</b>

### REVIEW OF OPERATIONS

The operational profit for the period is Rs. 12.19 Million. Net profit for the year 2020 is Rs. 8.67 million as compared to Rupees 20.15 million in the previous year. During the year, The Company transacted business worth Rupees 40.8 million compared to Rupees 58.6 million in the previous year. Operational income decrease from 50.36 Million to 31.89 Million. Primary reason of decrease in operational income and profit was reduction in fleet caused by sharp decline in demand due to pandemic. It is expected that business will improve once the demand restore after the effect of pandemic has been addressed.

### FUTURE OUTLOOK

During the year, the Company has strengthened its management team in order to capitalize on market opportunities and grow its Company's operation keeping in view the effects of pandemic. It is expected the business improve as things normalize after the post pandemic situation.

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 filed a petition against the SECP with The Honorable High Court of Sindh at Karachi. The Honorable High Court of Sindh has directed the SECP 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.

**BOARD OF DIRECTORS**

During the year one casual vacancy occurred due to resignation of Mr. Haider Ali Hilaly which was accepted by the Board of Directors on April-29 2020. The board of directors' term completed on June 30, 2020 and Mr. Saad Saeed Faruqui, Mr. Shahrukh Saeed Faruqui, Mr. Azam Adnan Khan, Mr. Brig (R.) Yasub Ali Dogar, Mr. Tahir Sohail, and Ms. Sana Shahzad have retired. The Election of directors took place in the Extra Ordinary General Meeting held on June 26th, 2020 where in Mr. Saad Saeed Faruqui, Mr. Shahrukh Saeed Faruqui, Mr. Azam Adnan Khan, Mr. Brig (R.) Yasub Ali Dogar, Mr. Tahir Sohail and Ms Sana Shahzad were reelected as directors and Mr. Muhammad Danish Hussain elected as new director of the company for the period of 3 years effective from 1st July 2020.

**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 departure 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) Four 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. Saad Saeed Faruqui	3
2	Mr. Shahrukh Saeed Faruqui	4
3	Mr. Haider Ali Hilaly	3
4	Ms. Sana Shahzad	3
5	Mr. Azam Adnan Khan	4
6	Mr. Brig (R.) Yasub Ali Dogar	4
7	Mr. Tahir Sohail	3

Leave of absences 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, 2021. 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 2021.

#### **PATTERN OF SHAREHOLDING**

The pattern of shareholding of the company as on June 30, 2020 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 2020

## ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم کیپٹل ایسیٹس لیزنگ کارپوریشن لمیٹڈ کی 28 ویں سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس برائے سال ختمہ 30 جون 2020 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### مالیاتی جھلکیاں

سال ختمہ 30 جون 2020 کے بنیادی آپریٹنگ نتائج اور ان کے گزشتہ سال سے نتائج کے ساتھ تقابلی خلاصہ درج ذیل ہے:

2019	2020	
50,369,409	31,899,362	آپریٹنگز سے حاصل آمدنی
8,277,265	8,975,548	دیگر آپریٹنگ آمدنی
<b>58,646,674</b>	<b>40,874,910</b>	کل آمدنی
		اخراجات
(16,627,396)	(17,310,865)	آپریٹنگ اخراجات
(14,639,994)	(11,364,742)	مالیاتی چارج
<b>(31,267,390)</b>	<b>(28,675,607)</b>	کل اخراجات
<b>27,379,284</b>	<b>12,199,303</b>	قبل از ٹیکس منافع
(7,231,910)	(3,532,016)	ٹیکسیشن
<b>20,147,374</b>	<b>8,667,287</b>	بعد از ٹیکس منافع
<b>1.88</b>	<b>0.81</b>	آمدنی فی شیئر

### آپریٹنگز کا جائزہ

مذکورہ مدت میں آپریٹنگز کا منافع 12.19 ملین روپے رہا۔ سال 2020 میں خالص منافع 8.67 ملین روپے حاصل ہوا جب کہ گزشتہ سال 20.15 ملین روپے حاصل ہوا تھا۔ سال کے دوران میں کمپنی نے 40.8 ملین روپے کا کاروباری لین دین کیا، اس کے مقابلے میں گزشتہ سال اسی مدت میں 58.6 ملین روپے کا لین دین ہوا تھا۔ آپریٹنگز سے حاصل ہونے والی آمدنی 50.36 ملین روپے سے کم ہو کر 31.89 ملین روپے ہو گئی۔ آپریٹنگز سے حاصل ہونے والی آمدنی اور منافع میں کمی کی بنیادی وجہ (گاڑیوں کے) فلیٹ میں کمی تھی جو Covid کی وبا پھیلنے کے سبب طلب میں تیزی سے کمی کے باعث ہوئی۔ وبا کے اثرات کی روک تھام کے بعد طلب بحال ہونے سے کاروبار میں بہتری آنے کی توقع ہے۔

### مستقبل کا منظر نامہ

سال کے دوران میں کمپنی نے اپنی انتظامی ٹیم کو مضبوط کیا ہے تاکہ مارکیٹ میں موجود مواقع میں سرمایہ کاری کی جائے اور وبا کے اثرات کو مد نظر رکھتے ہوئے کمپنی کے آپریشنز میں اضافہ کیا جائے۔ توقع ہے کہ وبا کے بعد کی صورتحال پر قابو پانے کے بعد حالات معمول کے مطابق ہو جائیں گے اور کاروبار میں بہتری آئے گی۔

انتظامیہ نے ڈپازٹ نہ لینے والی لیزنگ کمپنی کے طور پر لیزنگ لائسنس کے لئے درخواست دی تھی جس کو SECP نے مطلوبہ معیار سے عدم مطابقت اور نامناسب قرار دے کر مسترد کر دیا تھا۔

کمپنی نے معزز عدالت عالیہ سندھ، کراچی میں SECP کے خلاف درخواست دائر کی تھی۔ معزز عدالت عالیہ سندھ نے SECP کو حکم دیا ہے کہ معاملہ جوں کا توں رکھا جائے اور پاکستان اسٹاک ایکسچینج کو SECP کے عمل پر کسی بھی کارروائی کرنے سے روک دیا ہے۔ کمپنی محسوس کرتی ہے کہ SECP کا فیصلہ کمپنی کی حیثیت کے برخلاف ہے اور کمپنی اس پر نظر ثانی کی امید رکھتی ہے۔

### ڈیویڈنڈ

کمپنی نے موجودہ سال کیلئے کسی ڈیویڈنڈ کا اعلان نہیں کیا ہے کیونکہ انتظامیہ کمپنی کے ایکویٹی کی بنیاد کو مضبوط کرنا چاہتی ہے اور اس سلسلے میں ایکویٹی کے ریزروز (Reserves) جمع کر رہی ہے۔

### بورڈ آف ڈائریکٹرز

سال کے دوران میں ایک عارضی اسامی خالی ہوئی جو جناب حیدر علی ہلالی کے استعفیٰ دینے کے سبب پیدا ہوئی تھی جس کو بورڈ آف ڈائریکٹرز نے 29 اپریل 2020 کو منظور کر لیا تھا۔ بورڈ آف ڈائریکٹرز نے 30 جون 2020 کو اپنی مدت پوری کر لی اور جناب سعید فاروقی، جناب شاہ رخ سعید فاروقی، جناب اعظم عدنان خان، جناب بریگیڈیئر (ر) یعسوب علی ڈوگر، جناب طاہر سہیل اور مس ثنا شہزاد ریٹائر ہو گئے۔ 26 جون 2020 کو منعقد ہونے والے غیر معمولی اجلاس عام میں ڈائریکٹرز کا انتخاب منعقد ہوا جس میں جناب سعید فاروقی، جناب شاہ رخ سعید فاروقی، جناب اعظم عدنان خان، جناب بریگیڈیئر (ر) یعسوب علی ڈوگر، جناب طاہر سہیل اور مس ثنا شہزاد دوبارہ بطور ڈائریکٹر منتخب ہو گئے جب کہ جناب محمد دانش حسین کو 3 سال کی مدت کیلئے کمپنی کا نیا ڈائریکٹر منتخب کیا گیا ہے جن کے تقرر کی مدت کا آغاز یکم جولائی 2020 سے ہوا۔

### کارپوریٹ گورننس

بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کے بلند ترین معیارات کی پابندی کیلئے پرعزم ہیں۔ کمپنی نے کوڈ آف کارپوریٹ گورننس کے پروویژن کا نفاذ کر دیا ہے۔ کوڈ آف کارپوریٹ گورننس کے بہترین طرز عمل پر عمل درآمد کے بارے میں قانونی آڈیٹرز کی جائزہ رپورٹ سالانہ رپورٹ کے ساتھ منسلک ہے۔

## ڈائریکٹرز کا اعلامیہ

- ڈائریکٹرز نے درج ذیل کیلئے کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اور فنانشل رپورٹنگ فریم ورک پر عمل درآمد کی تصدیق کی ہے:
- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹس میں کمپنی کے معاملات، آپریشنز کے نتائج، جامع آمدنی، نقد قومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔
  - کمپنی کے حسابات کے کھاتوں کو بہتر طور پر مرتب کیا گیا ہے۔
  - مالیاتی اسٹیٹمنٹس کی تیاری میں ہر جگہ حسابات کی پالیسی کو بہتر طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کئے گئے ہیں۔
  - مالیاتی اسٹیٹمنٹس، پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پر تیار کئے گئے ہیں اور ضرورت کے تحت ان سے گریز کو اطمینان بخش طور پر ظاہر اور واضح کیا گیا ہے۔
  - اندرونی کنٹرول کے نظام کا طریقہ کار نہایت مضبوط ہے اور اس کے نفاذ اور نگرانی کا کام موثر طریقے سے کیا گیا ہے۔
  - کمپنی کے موجودہ صلاحیت میں کام جاری رکھنے میں کسی رکاوٹ کا شبہ نہیں ہے۔
  - اصول و ضوابط کی فہرست میں درج کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی بات حذف نہیں کی گئی ہے۔
  - گزشتہ چھ سال کی بنیادی آپریٹنگ اور مالیاتی معلومات مختصر طور پر سالانہ رپورٹ میں منسلک کی گئی ہیں۔
  - سال کے دوران میں بورڈ آف ڈائریکٹرز کی چار میٹنگز منعقد ہوئیں۔ ان میٹنگز میں حاضری کی صورت حال درج ذیل ہے:

نمبر شمار	ڈائریکٹر کا نام	حاضری کی تعداد
۱۔	جناب سعد سعید فاروقی	3
۲۔	جناب شاہ رخ سعید فاروقی	4
۳۔	جناب حیدر علی ہلالی	3
۴۔	مس ثنا شہزاد	3
۵۔	جناب اعظم عدنان خان	4
۶۔	بریگیڈیر (ر) جناب یعسوب علی ڈوگر	4
۷۔	جناب طاہر سہیل	3

جو ڈائریکٹرز بورڈ کی میٹنگ میں حاضر نہ ہو سکے، ان کو رخصت کی چھٹی دی گئی۔

سرپرست کمپنی

آپٹیمس لمیٹڈ (Optimus Ltd.) کمپنی کے 83.95% شیئرز کی حامل ہے۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز بیکر ٹلی محمود ادریس قمر، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بنیاد پر انہوں نے خود کو 30 جون 2021 کو ختم ہونے والے سال کیلئے دوبارہ تقرر کی پیشکش کی ہے۔ آڈٹ کمیٹی کی تجویز پر، بورڈ نے میسرز بیکر ٹلی محمود ادریس قمر، چارٹرڈ اکاؤنٹنٹس کو مالی سال 2021 کے لئے کمپنی کا قانونی آڈیٹرز مقرر کرنے کی سفارش ہے۔

## شیئر ہولڈنگ کا طرز

کمپنی کے شیئر ہولڈنگ کے طرز برطابق 30 جون 2020 اس رپورٹ کے ساتھ منسلک ہے۔

## اعتراف

ہم اس موقع پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج لمیٹڈ اور دیگر ریگولیٹری اتھارٹیز کے مسلسل تعاون اور پیشہ ورانہ رہنمائی اور شیئر ہولڈرز کے ہم پر اعتماد اور بھروسے کیلئے دلی شکر یہ ادا کرتے ہیں۔

ہم کمپنی کے آپریشنز کو خلوص اور لگن کے ساتھ چلانے پر اپنے اسٹاف کی خدمات کا اعتراف کرتے ہیں اور ان کے شکر گزار ہیں۔

منجانب اور برائے بورڈ آف ڈائریکٹرز  
کیپٹل ایسیٹس لیزنگ کارپوریشن لمیٹڈ

چیف ایگزیکٹو آفیسر

ڈائریکٹر

کراچی 07 اکتوبر 2020

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

**NAME OF COMPANY : CAPITAL ASSETS LEASING CORPORATION LIMITED**  
**YEAR ENDED : JUNE 30<sup>th</sup>, 2020**

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. Muhammad Danish Hussain (w.e.f 01-07-2020)
	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 seven 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. During the year the Board has arranged Directors' Training program during the year for its two director, i.e. Mr. Azam Adnan Khan and Mr. Haider Ali Hilaly, while similar training was arranged for other two director in prior years, i.e. Mr. Saad Saeed Faruqui and Mr. Shahrukh Faruqui. Accordingly, the company stood compliant with the requirement of Director's Training Program (DTP) as prescribed under the sub clause 1(i) of regulation no. 19. The Company is committed to provide training to remaining directors within the time limit as allowed under the Listed Companies (Code of Corporate Governance) Regulations, 2019.

10. During the Year, there has been no changed in the position and terms and condition of employment of the Chief Financial Officer, Company Secretary and Head of Internal Audit.

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. Azam Adnan Khan	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 which are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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 mandatory requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. 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 considering to comply with regulation keeping in view the current economic scenario.

\_\_\_\_\_  
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, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of **Capital Assets Leasing Corporation Limited** (the Company), for the year ended **June 30, 2020** in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As 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, 2020.

We draw attention to point no. 19 to the attached statement of compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 where instance of non-compliance with the Regulation has been explained.

**Engagement Partner: Mehmood A. Razzak**

Karachi.

Karachi - 7<sup>th</sup> October 2020

## 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, 2020**, 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 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), 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, 2020 and of the profit and total comprehensive income, 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.

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 (PSX) issued a notice dated November 14, 2018 to the company for explaining its position before taking any action under clauses 5.11.1(j)/ 5.11.2(c) of PSX Regulation on account of 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. However, the final decision on petition is pending adjudication due to extension of hearing date.

**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 46.5% (2019: 57.08%) of total assets with capital expenditure of Rs.9.301 million during the year ended June 30, 2020, as detailed in note 12 to the financial statements, of which Rs. 3.497 million and Rs. 5.709 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>

2. Transactions with a related party	
Key audit matters	How the matter was addressed in our audit
<p>Optimus Limited (holding 83.96% equity interest in the Company) is a single customer of the Company. During the year ended 30 June 2020, the revenue earned by the Company from its business with Optimus Limited amounts to Rs. 74.494 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. 44.238 million and Rs. 3.496 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 are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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 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) 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 **Mehmood A. Razzak**.

**Baker Tilly Mehmood Idrees Qamar**  
**Chartered Accountants**

Karachi.

Date: 7<sup>th</sup> October 2020

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

	Note	June 2020 (Rupees)	June 2019 (Rupees)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and bank balances	6	351,614	799,907
Investment in finance lease	7	-	9,291,481
Advances, deposits, prepayments and other receivables	8	73,091,174	52,968,876
Trade receivable	9	80,069,002	65,825,018
Morabaha and short term finances	10	-	-
Taxation - net		17,708,040	17,495,064
		171,219,830	146,380,346
<b>Non - Current Asset</b>			
Long term advances, deposits and prepayments	11	13,731,826	17,338,100
Property, plant and equipment	12	160,799,456	217,715,388
Intangible assets	13	3	3
		174,531,285	235,053,491
<b>TOTAL ASSETS</b>		<b>345,751,115</b>	<b>381,433,837</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Deposits	14	-	9,311,420
Current portion of diminishing musharakah financing	15	10,546,294	42,337,508
Unclaimed dividend		625,215	625,215
Trade and other payables	16	8,442,631	8,288,896
		19,614,140	60,563,039
<b>Non - Current Liabilities</b>			
Diminishing musharakah financing	15	56,694,817	63,627,943
Deferred tax liability	17	17,764,224	14,232,208
		74,459,041	77,860,151
<b>Authorised Share Capital</b>			
20,000,000 (2019: 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	144,233,804	135,566,517
		251,677,934	243,010,647
<b>Contingencies and Commitments</b>	20	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>345,751,115</b>	<b>381,433,837</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, 2020**

	Note	June 2020 (Rupees)	June 2019 (Rupees)
<b>Income</b>			
Income from operations	21	31,899,362	50,369,409
Other operating income	22	8,975,548	8,277,265
		40,874,910	58,646,674
<b>Expenses</b>			
Administrative and operating expenses	23	(17,310,865)	(16,627,396)
Financial charges	24	(11,364,742)	(14,639,994)
		(28,675,607)	(31,267,390)
<b>Profit before taxation</b>		<b>12,199,303</b>	<b>27,379,284</b>
Taxation	25	(3,532,016)	(7,231,910)
<b>Profit after taxation</b>		<b>8,667,287</b>	<b>20,147,374</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>8,667,287</b>	<b>20,147,374</b>
Earnings per share	26	0.81	1.88

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, 2020

	Note	June 2020 (Rupees)	June 2019 (Rupees)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		12,199,303	27,379,284
<b>Adjustments for non cash items:</b>			
Depreciation		16,730,979	20,776,269
Financial charges		11,364,742	14,639,994
(Gain) on disposal of property, plant and equipment		<u>(8,918,709)</u>	<u>(8,187,377)</u>
		<b>31,376,315</b>	<b>54,608,170</b>
<b>(Increase) in current assets</b>			
Investment in finance lease		9,291,481	-
Advances, deposits, prepayments and other receivables		(23,452,377)	(16,025,722)
Trade receivable		<u>(14,243,984)</u>	<u>(16,953,183)</u>
		(28,404,880)	(32,978,905)
<b>(Decrease) / increase in current liabilities</b>			
Trade and other payables		(146,393)	1,148,225
Deposits		<u>(9,291,481)</u>	-
		(9,437,874)	1,148,225
<b>Cash (used in) / inflow from operations</b>		<b>(6,466,439)</b>	<b>22,777,490</b>
Financial charges paid		(11,064,614)	(14,639,994)
Taxes paid		<u>(212,976)</u>	<u>(515,766)</u>
<b>Net cash (used in) / inflow from operating activities</b>		<b>(17,763,968)</b>	<b>7,621,730</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions in property, plant and equipment		(9,301,338)	(61,056,527)
Long term advances, deposits and prepayments		6,936,353	8,403,466
Proceeds from sale of property, plant and equipment		<u>58,405,000</u>	<u>99,571,333</u>
<b>Net cash inflow from investing activities</b>		<b>56,040,015</b>	<b>46,918,272</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Diminishing musharakah financing		<u>(38,724,340)</u>	<u>(54,466,085)</u>
<b>Net cash (used in) from financing activities</b>		<b>(38,724,340)</b>	<b>(54,466,085)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(448,293)</b>	<b>73,918</b>
Cash and cash equivalents at the beginning of the year		799,907	725,989
<b>Cash and cash equivalents at the end of year</b>	<b>6</b>	<b>351,614</b>	<b>799,907</b>

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, 2020**

	Issued, Subscribed and Paid-up Share Capital	Statutory Reserves	Unappropriated Profit	Total
----- Rupees -----				
<b>Balance as at July 01, 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>
Net profit for the year	-	-	8,667,287	8,667,287
Transfer to reserve	-	1,733,457	(1,733,457)	-
<b>Balance as at June 30, 2020</b>	<b>107,444,130</b>	<b>48,540,340</b>	<b>95,693,464</b>	<b>251,677,934</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, 2020

### 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. The principal activity of the Company is to carry on leasing business. In addition, the company is also engaged in renting out of 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 M/s. 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 are 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) declined the said application 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 the light of above letter, the Pakistan Stock Exchange(PSX) issued a notice dated November 14, 2018 to the company for explaining its position before taking any action under clauses 5.11.1(j)/ 5.11.2(c) of PSX Regulation on account of 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". However, the final decision on petition is pending adjudication due to extension of hearing date.

## **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 46.5% (2019: 57.08%) of total assets with capital expenditure of Rs. 9.301 million (2019: Rs. 61.056 million) during the year ended June 30, 2020, as detailed in note 12 to the financial statements, of which Rs. 3.497 million (2019: Rs. 11.9 million) and Rs. 5.709 million (2019: 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. 58.405 million (2019: Rs. 99.57 million) constituting the disposals of 36 vehicles (2019: 58 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, depreciation and residual value of property and equipment (Note 5.2)
- Provision for doubtful receivables (Note 5.11)
- Taxation (Note 5.10)

### 3.3 New and amended standards and interpretations

#### Standards, amendments to approved accounting standards effective in current year

New and amended standards and interpretations mandatory for the first time for the financial year beginning July 1, 2019:

IFRS 16, 'Leases': this standard has been notified by the Securities and Exchange Commission of Pakistan (SECP) to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the previous guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain shortterm leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

However, there is no material impact on the financial statements of Company of adopting IFRS 16 - Leases.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2019 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2019 and have not been early adopted by the Company:

IAS 1 & 8 Definition of material	Effective date: January 1, 2020
IAS 1 Presentation of Financial Statements	Effective date: January 1, 2022

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

## 4. BASIS OF MEASUREMENT

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 capitalised at inception of the lease at fair value of the leased property or, if lower, at present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of lease liability so as to produce a constant rate of return on the remaining balance of lease liability. Finance charges on lease liability are reflected in statement of profit or loss.

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 finance leasebacks, any gain from the sale is deferred and amortised over the lease term. For sale and operating leasebacks, generally the assets are sold at fair value, and accordingly the profit or loss from the sale is recognised immediately in the Company's statement of profit or loss.

### **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 transaction 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 is recognized on accrual basis**

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.

**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 2020 (Rupees)	June 2019 (Rupees)
<b>6. CASH AND BANK BALANCES</b>			
Cash in hand		14,309	7,009
<b>Cash at banks:</b>			
- In PLS accounts	6.1	231,533	686,139
- In current accounts		92,326	92,326
- Balance with State Bank of Pakistan		13,446	14,433
		<b>351,614</b>	<b>799,907</b>

**6.1** Profit rates on deposit accounts ranges from 5.5% to 11.25% p.a ( June 2019: from 8% to 10.25% p.a).

**7. INVESTMENT IN FINANCE LEASE**

	June 30, 2020			June 30, 2019		
	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	28,738,690	-	28,738,690	28,738,690	-	28,738,690
<b>Less:</b> Unearned finance income (Note 7.1)	(3,882,343)	-	(3,882,343)	(3,882,343)	-	(3,882,343)
Net investment in lease and hire purchase finance	24,856,347	-	24,856,347	24,856,347	-	24,856,347
<b>Less:</b> Provision for lease losses (note 7.2)	-	-	-	(15,564,866)	-	(15,564,866)
Write off (Note 7.3)	(24,856,347)	-	(24,856,347)	-	-	-
<b>Net investment in leases</b>	-	-	-	<b>9,291,481</b>	-	<b>9,291,481</b>

	Note	June 2020 (Rupees)	June 2019 (Rupees)
<b>7.1 Particulars of suspended income</b>			
Opening balance		3,882,343	3,882,343
Provision of suspended income Write Off provided in previous year		(3,882,343)	-
Reversed/realised during the year		-	-
Closing balance		-	3,882,343

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

	June 30, 2020			June 30, 2019		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----					
Opening balance	15,564,866	-	15,564,866	15,564,866	-	16,772,906
Amount written off	(15,564,866)	-	(15,564,866)	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,564,866</b>	<b>-</b>	<b>15,564,866</b>

**7.3** During the year net off balance written off amounting Rs. 15,564,866 already provided in previous years

	Note	June 2020 (Rupees)	June 2019 (Rupees)
<b>8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Unsecured advances - considered good</b>			
Advances to employees		147,746	163,746
Provision against advances to employees		(132,006)	(132,006)
		15,740	31,740
Advances for supplies and services		399,238	399,238
Provision against advances for supplies and services		(399,238)	(399,238)
		-	-
<b>Deposits</b>			
Long term security deposits - current portion		1,323,350	4,567,562
<b>Prepayments</b>			
Prepaid insurance, road tax and registration		2,608,972	2,694,839
Provision		(150,804)	(150,804)
		2,458,168	2,544,035
Other receivables - considered good	8.1 & 8.2	69,293,841	45,825,464
<b>Others</b>			
Others - considered doubtful		3,685,270	3,685,270
Accrued mark-up on short term finances		137,831	137,831
<b>Less: Provisions against receivables</b>		<b>(3,823,026)</b>	<b>(3,823,026)</b>
		75	75
		73,091,174	52,968,876

**8.1** This represents receivable from Optimus Limited (Parent Company) amounting to Rs. 69,293,841 (June 2019: Rs. 45,632,686).

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

	Amount past due as at June 30, 2020					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	12,535,000	-	2,300,000	38,173,500	16,285,341	69,293,841
<b>June 30, 2020</b>	<b>12,535,000</b>	<b>-</b>	<b>2,300,000</b>	<b>38,173,500</b>	<b>16,285,341</b>	<b>69,293,841</b>

	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>

	<b>Note</b>	<b>June 2020 (Rupees)</b>	<b>June 2019 (Rupees)</b>
<b>9. TRADE RECEIVABLE</b>	<b>9.1 &amp; 9.2</b>	<u>80,069,002</u>	<u>65,825,018</u>

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

	Amount past due as at June 30, 2020					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	5,736,837	5,308,837	5,376,193	59,172,117	4,475,018	80,069,002
<b>June 30, 2020</b>	<b>5,736,837</b>	<b>5,308,837</b>	<b>5,376,193</b>	<b>59,172,117</b>	<b>4,475,018</b>	<b>80,069,002</b>

	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>

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

	Note	June 2020 (Rupees)	June 2019 (Rupees)
<b>10. MORABAHA AND SHORT TERM FINANCES</b>			
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		15,199,590	20,905,952
Less: Provision		(309,290)	(309,290)
		14,890,300	20,596,662
Less: Current portion	8	(1,323,350)	(4,567,562)
		13,566,950	16,029,100
Prepayments		2,773,848	4,003,839
Less: Current portion		(2,608,972)	(2,694,839)
		164,876	1,309,000
		13,731,826	17,338,100

## 12. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicle	Office machines and equipment	Computers and allied equipment	Furniture and fixtures	Motor vehicle plying for hire	Tracker system	Motor vehicles held under musharakah	Total
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**As at June 30, 2018**

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>

**Year ended June 30, 2019**

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

**Disposals**

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 year	-	(4)	(7)	(4)	(64,897,835)	-	(26,486,106)	(91,383,956)
	(17,411)	(44,266)	(137,665)	-	(7,120,229)	(191,408)	(13,265,290)	(20,776,269)

**Net Book Value**

	-	<b>223,369</b>	<b>192,295</b>	-	<b>48,408,657</b>	<b>76,922</b>	<b>168,814,145</b>	<b>217,715,388</b>
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**As at June 30, 2019**

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>

**Year ended June 30, 2020**

Opening net book value	-	223,369	192,295	-	48,408,657	76,922	168,814,145	217,715,388
Additions (at cost)	-	-	95,000	-	5,709,838	-	3,496,500	9,301,338

**Disposals**

Cost	-	-	-	-	(6,647,338)	-	(53,460,960)	(60,108,298)
Accumulated depreciation	-	-	-	-	-	-	10,622,007	10,622,007
Depreciation charge for the year	-	(47,879)	(132,714)	-	(6,647,338)	(76,713)	(42,838,953)	(49,486,291)
	-	(47,879)	(132,714)	-	(5,681,686)	(76,713)	(10,791,987)	(16,730,979)

**Net Book Value**

	-	<b>175,490</b>	<b>154,581</b>	-	<b>41,789,471</b>	<b>209</b>	<b>118,679,705</b>	<b>160,799,456</b>
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**As at June 30, 2020**

Cost	-	319,191	689,936	-	56,147,853	2,211,371	144,377,426	203,745,777
Accumulated depreciation	-	(143,701)	(535,355)	-	(14,358,382)	(2,211,162)	(25,697,721)	(42,946,321)
<b>Net Book Value</b>	<b>-</b>	<b>175,490</b>	<b>154,581</b>	<b>-</b>	<b>41,789,471</b>	<b>209</b>	<b>118,679,705</b>	<b>160,799,456</b>

**Rate of depreciation**

20%	15%	30%	10%	20-25%	25%	20-33%
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**12.1 Allocation of depreciation:**

Income from vehicle plying for hire  
Administrative and operating expenses

	2020	2019
	Rupees	Rupees
Income from vehicle plying for hire	16,550,386	20,576,927
Administrative and operating expenses	180,593	199,342
	<b>16,730,979</b>	<b>20,776,269</b>

**12.2 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>								
TOYOTA HILUX 4X4 DC MT US VIGO CHAMP	3,496,500	-	3,496,500	3,496,500	-	Negotiation	Popular Islamic Modaraba	Sale & Finance Back
SUZUKI CULTUS (VXL)	100,500	-	100,500	730,000	629,500	Negotiation	Optimus Limited	Holding Company
AUDI A4	530,000	-	530,000	3,200,000	2,670,000	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC VTI PT ORIEL	492,600	-	492,600	1,930,000	1,437,400	Negotiation	Optimus Limited	Holding Company
BMW 318I SERIES	1,685,488	-	1,685,488	2,141,000	455,512	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC I-VTEC PROSMATEC+NAVIGATION	230,850	-	230,850	2,250,000	2,019,150	Negotiation	Optimus Limited	Holding Company
SUZUKI WAGON R	111,400	-	111,400	1,150,000	1,038,600	Negotiation	Optimus Limited	Holding Company
	<b>6,647,338</b>	<b>-</b>	<b>6,647,338</b>	<b>14,897,500</b>	<b>8,250,162</b>			
----- Rupees -----								
<b>Motor vehicles under Musharakah Financing</b>								
TOYOTA ALTIS 1.8L M/T	2,335,320	583,830	1,751,490	1,900,000	148,510	Insurance Claim	Jubilee General Takaful	No Relationship
TOYOTA ALTIS 1.8L M/T	2,335,320	583,830	1,751,490	1,145,000	(606,490)	Negotiation	Optimus Limited	Holding Company
SUZUKI MEHRAN VXR EURO II	693,000	173,250	519,750	500,000	(19,750)	Negotiation	Optimus Limited	Holding Company
TOYOTA ALTIS M/T	2,227,320	556,830	1,670,490	1,083,000	(587,490)	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA GLI AT	2,069,000	258,624	1,810,376	1,657,000	(153,376)	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA GLI AT	2,069,000	258,624	1,810,376	1,667,500	(142,876)	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC ORIEL PT	2,563,000	240,282	2,322,718	2,257,000	(65,718)	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC PT ORIEL NAVIGATION	2,540,500	608,672	1,931,828	1,765,000	(166,828)	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC I-VTEC PROSMATEC+NAVIGATION	2,540,500	608,672	1,931,828	2,005,000	73,172	Negotiation	Optimus Limited	Holding Company
SUZUKI MEHRAN EURO II VXR AC	693,000	166,014	526,986	515,000	(11,986)	Negotiation	Optimus Limited	Holding Company
SUZUKI MEHRAN EURO II VXR AC	693,000	166,014	526,986	515,000	(11,986)	Negotiation	Optimus Limited	Holding Company
SUZUKI MEHRAN EURO II VXR AC	693,000	166,014	526,986	515,000	(11,986)	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA GLI AT	1,872,500	438,885	1,433,615	1,830,000	396,385	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA GLI AT	1,872,500	419,379	1,453,121	949,000	(504,121)	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA GLI AT	1,872,500	419,379	1,453,121	1,014,000	(439,121)	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,672,500	195,132	1,477,368	1,660,000	182,632	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,674,000	195,300	1,478,700	1,650,000	171,300	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA GLI AT	2,069,000	258,624	1,810,376	1,535,000	(275,376)	Negotiation	Optimus Limited	Holding Company
SUZUKI MEHRAN EURO II VXR AC	693,000	169,623	523,377	510,000	(13,377)	Negotiation	Optimus Limited	Holding Company
SUZUKI SWIFT DX MT	1,271,000	317,750	953,250	1,000,000	46,750	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA ALTIS MT	2,102,500	525,625	1,576,875	1,600,000	23,125	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA ALTIS MT	2,102,500	525,625	1,576,875	1,600,000	23,125	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA ALTIS MT	2,102,500	525,625	1,576,875	1,600,000	23,125	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA ALTIS MT	2,102,500	525,625	1,576,875	1,600,000	23,125	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC ORIEL PT	2,563,000	293,673	2,269,327	2,300,000	30,673	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS EURO II VXR AC	1,059,000	264,750	794,250	900,000	105,750	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,672,500	250,889	1,421,611	1,875,000	453,389	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA GLI MT	1,817,500	340,776	1,476,724	2,225,000	748,276	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA GLI MT	1,817,500	340,776	1,476,724	2,260,000	783,276	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,672,500	243,915	1,428,585	1,875,000	446,415	Negotiation	Optimus Limited	Holding Company
	<b>53,460,960</b>	<b>10,622,007</b>	<b>42,838,953</b>	<b>43,507,500</b>	<b>668,547</b>			
<b>June 30, 2020</b>	<b>60,108,298</b>	<b>10,622,007</b>	<b>49,486,291</b>	<b>58,405,000</b>	<b>8,918,709</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 Vehicles</b>								
Unique Motor Cycle	48,593	48,593	-	-	-	Transfer	Samson	Employee
	<b>48,593</b>	<b>48,593</b>	<b>-</b>	<b>-</b>	<b>-</b>			
Photo Copier (TOSHIBA )	134,500	134,499	1	5,000	4,999	Negotiation	Abdul Rehman	No Relation
PABX Telephone Exchange-Panasonic	75,500	75,499	1	1,000	999	Negotiation	Abdul Rehman	No Relation
Cash Safe	11,800	11,799	1	500	499	Negotiation	Abdul Rehman	No Relation
Mobile Phone Nokia 1200	2,400	2,399	1	200	199	Negotiation	Abdul Rehman	No Relation
	<b>224,200</b>	<b>224,196</b>	<b>4</b>	<b>6,700</b>	<b>6,696</b>			
<b>Computers</b>								
Computer P-IV	24,650	24,649	1	300	299	Negotiation	Abdul Rehman	No Relation
Computer P-IV	25,000	24,999	1	300	299	Negotiation	Abdul Rehman	No Relation
HP Laser Jet -1020	9,119	9,118	1	500	499	Negotiation	Abdul Rehman	No Relation
HP office jet Fax 4355	10,900	10,899	1	500	499	Negotiation	Abdul Rehman	No Relation
2 Dual Core With LCD	59,000	58,999	1	600	599	Negotiation	Abdul Rehman	No Relation
Laser Printer HP 1100	21,000	20,999	1	300	299	Negotiation	Abdul Rehman	No Relation
2 Dual Core With LCD	59,000	58,999	1	600	599	Negotiation	Abdul Rehman	No Relation
	<b>208,669</b>	<b>208,662</b>	<b>7</b>	<b>3,100</b>	<b>3,093</b>			





	Computer Software	Total
	----- Rupees -----	
<b>13. INTANGIBLE ASSETS</b>		
<b>As at June 30, 2018</b>		
Cost	523,948	523,948
Accumulated amortization	<u>(523,945)</u>	<u>(523,945)</u>
<b>Net Book Value</b>	<u><b>3</b></u>	<u><b>3</b></u>
<b>Year ended June 30, 2019</b>		
Opening net book value	3	3
Additions (at cost)	-	-
Amortization charge for the year	-	-
<b>Net Book Value</b>	<u><b>3</b></u>	<u><b>3</b></u>
<b>As at June 30, 2019</b>		
Cost	523,948	523,948
Accumulated amortization	<u>(523,945)</u>	<u>(523,945)</u>
<b>Net Book Value</b>	<u><b>3</b></u>	<u><b>3</b></u>
<b>Year ended June 30, 2020</b>		
Opening net book value	3	3
Additions (at cost)	-	-
Amortization charge for the year	-	-
<b>Net Book Value</b>	<u><b>3</b></u>	<u><b>3</b></u>
<b>As at June 30, 2020</b>		
Cost	523,948	523,948
Accumulated amortization	<u>(523,945)</u>	<u>(523,945)</u>
<b>Net Book Value</b>	<u><b>3</b></u>	<u><b>3</b></u>
<b>Rate of amortization</b>	<u><b>33%</b></u>	<u><b>33%</b></u>
	<b>Note</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>14. DEPOSITS</b>		
Security deposits	14.1	9,311,420
		<u><b>9,311,420</b></u>
<b>14.1 Bifurcation of security deposits</b>		
Utilizable security deposits	14.1.1	9,311,420
		<u><b>9,311,420</b></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 respective agreements. These deposits have been written off during the year against net investment in finance lease.

**15. DIMINISHING MUSHARAKAH FINANCING**

Financial Institution /Type of Loan	2020			2019			Mark up Arrangement/ Repayment Period	Security
	Amount outstanding	Current Portion	Long term	Amount outstanding	Current portion	Long term		
Diminishing Musharaka Popular Islamic Modaraba	13,114,113	780,580	12,333,533	11,139,817	1,953,132	9,186,685	One year KIBOR plus 2.75% per annum payable monthly.	Hypothecation in respect of the vehicles provided by the Modaraba.
Diminishing Musharaka Orix Modaraba	53,570,418	9,209,134	44,361,284	81,540,078	31,045,620	50,494,458	Six months KIBOR plus 3.85% per annum payable monthly.	Hypothecation in respect of the vehicles provided by the Modaraba.
Diminishing Musharaka First Prudential Modaraba	556,580	556,580	-	6,679,200	2,732,400	3,946,800	Six months KIBOR plus 3% per annum payable monthly.	Ownership of Vehicles in the name of Modaraba along with Corporate Guarantee of Optimus Limited (Parent Company).
Diminishing Musharaka First Punjab Modaraba	-	-	-	6,606,356	6,606,356	-	Six months KIBOR plus 4% per annum payable monthly.	Ownership of Vehicles in the name of Modaraba along with Corporate Guarantee of Optimus Limited (Parent Company).
	<b>67,241,111</b>	<b>10,546,294</b>	<b>56,694,817</b>	<b>105,965,451</b>	<b>42,337,508</b>	<b>63,627,943</b>		

The above liability represents assets acquired under diminishing musharaka arrangements. The cost of operating and maintaining the leased assets is borne by the company. The company has an option to purchase the assets on the completion of lease period by adjusting the security deposit and has intention to exercise the option.

<b>16. TRADE AND OTHER PAYABLES</b>	<b>Note</b>	<b>June 2020 (Rupees)</b>	<b>June 2019 (Rupees)</b>
Accrued expenses	16.1	7,041,738	7,033,813
Insurance payable		-	906,150
Mark up payable		300,128	-
Tax deducted at source		303,752	58,688
Payable to provident fund		43,164	87,298
Others		753,849	202,947
		<b>8,442,631</b>	<b>8,288,896</b>

**16.1** This include amount payable to Mustang Eye (Pvt) Ltd. Rs. 4,174,800 (Associated Company) (2019: Rs. 3,741,800).

	June 2020 (Rupees)	June 2019 (Rupees)
<b>17. DEFERRED TAX LIABILITY</b>		
<b>Credit balance arising in respect of:</b>		
Accelerated tax depreciation	19,745,092	24,236,736
<b>Debit balances arising in respect of:</b>		
Provision against advance deposits and prepayments	1,306,471	1,306,471
Provision against finance lease	-	4,513,811
Minimum tax / ACT	674,397	4,184,246
	1,980,868	10,004,528
	<b>17,764,224</b>	<b>14,232,208</b>

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

Number of Shares			June 2020 (Rupees)	June 2019 (Rupees)
2020	2019			
10,744,413	10,744,413	Ordinary shares of Rs. 10/- each fully paid in cash.	<b>107,444,130</b>	<b>107,444,130</b>

**19. RESERVES**

<b>Statutory Reserve</b>				
Statutory reserve		19.1	46,806,883	42,777,408
Transfer from statement of comprehensive income			1,733,457	4,029,475
			48,540,340	46,806,883
<b>Revenue Reserve</b>				
Unappropriated profit			95,693,464	88,759,634
			<b>144,233,804</b>	<b>135,566,517</b>

**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 its paid up capital. Thereafter 5% of after tax profit is required to be transferred to reserve. An amount of Rs. 1,733,457 (2019: Rs.4,029,475) 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, 2020 (June 30, 2019 : Rs. 5,567,498).

	Note	June 2020 (Rupees)	June 2019 (Rupees)
<b>20.2 Commitments</b>			
Ijarah lease rentals payable	21.2	430,477	6,191,033
<b>21. INCOME FROM OPERATIONS</b>			
Income from vehicle plying for hire	21.1	31,899,362	50,369,409
		<u>31,899,362</u>	<u>50,369,409</u>
<b>21.1 Income from Vehicle Plying for Hire</b>			
Rentals		74,493,984	101,600,757
<b>Cost of Services</b>			
Road tax / registration and other charges		1,619,087	2,045,914
Vehicle service and maintenance-VPFH		11,140,620	10,297,479
Ijarah lease rental	21.2	3,262,062	6,876,985
Tracker monitoring cost		1,525,790	1,825,045
Insurance		5,599,177	5,623,998
Depreciation	12.1	16,550,386	20,576,927
Service charges to holding company	21.3	2,897,500	3,985,000
		42,594,622	51,231,348
		<u>31,899,362</u>	<u>50,369,409</u>

**21.2 Ijarah Lease Rental**

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

	June 30, 2020			June 30, 2019		
	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	430,477	-	430,477	5,294,542	896,491	6,191,033
	<u>430,477</u>	<u>-</u>	<u>430,477</u>	<u>5,294,542</u>	<u>896,491</u>	<u>6,191,033</u>

**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 2020 (Rupees)	June 2019 (Rupees)
<b>22. OTHER OPERATING INCOME</b>			
Gain on sale of property, plant and equipment	12.2	8,918,709	8,187,377
Return on bank deposit		36,900	6,630
Other income		19,939	83,258
		<b>8,975,548</b>	<b>8,277,265</b>
<b>23. ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries, allowances and benefits		9,924,957	10,383,457
Travelling and conveyance charges		17,650	1,320
Depreciation	12.1	180,593	199,342
Printing and stationery		677,322	487,554
Repair and maintenance		-	8,800
Rent		2,850,000	651,316
Utilities		-	96,179
Telephone and postage expenses		94,183	147,519
Legal and professional charges		2,132,818	2,880,308
Vehicle running expenses		486,757	690,067
Insurance expenses		12,207	14,066
Entertainment expenses		129,900	205,450
Auditors' remuneration	23.1	515,350	515,350
Director training program		272,028	331,368
Sundry expenses		17,100	15,300
		<b>17,310,865</b>	<b>16,627,396</b>
<b>23.1 Auditors' Remuneration</b>			
Audit fee		226,800	226,800
Half yearly audit / review		223,200	223,200
Code of corporate governance		30,000	30,000
Out of pocket expenses		35,350	35,350
		<b>515,350</b>	<b>515,350</b>
<b>24. FINANCIAL CHARGES</b>			
Mark up on diminishing musharakah financing		11,344,555	14,620,057
Bank charges		20,187	19,937
		<b>11,364,742</b>	<b>14,639,994</b>

	Note	June 2020 (Rupees)	June 2019 (Rupees)
<b>25. TAXATION</b>			
Current	25.1	-	-
Deferred		3,532,016	7,231,910
		<u><b>3,532,016</b></u>	<u><b>7,231,910</b></u>

**25.1** Income tax has been charged @ 29% on taxable income for the year net off applicable tax credits against Minimum Tax/Alternate Corporate Tax(ACT) paid during prior years as reflected in note 17 of these financial statements.

		June 2020	June 2019
<b>26. EARNINGS PER SHARE</b>			
Profit after taxation	Rupees	8,667,287	20,147,374
Weighted average number of ordinary shares	Numbers	10,744,413	10,744,413
<b>Earnings per share - basic and diluted</b>	<b>Rupees</b>	<u><b>0.81</b></u>	<u><b>1.88</b></u>

**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. Balance with related parties are disclosed in respective notes of these financial statements. The transaction with related parties are as follows:

Related Party	Nature of relationship	Nature of transaction / balance	June 2020	June 2019
Optimus Limited	Parent Company	Rental services rendered	74,493,984	101,600,757
		Management services received	2,897,500	3,985,000
		Vehicle maintenance service received	11,140,620	10,297,479
		Purchase of motor vehicles	3,496,500	46,733,333
		Sale of motor vehicles	53,008,500	90,256,333
		Expense paid on behalf of Company	8,730,746	9,212,127
Mustang Eye (Pvt) Ltd	Associated Company	Tracker services	633,000	1,300,000
Staff provident fund		Contribution to staff provident fund	74,322	75,388

## 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 - 2020	June - 2019	June - 2020	June - 2019
Managerial remuneration	7,520,636	8,068,035	1,210,110	1,144,092
<b>Total</b>	<b>7,520,636</b>	<b>8,068,035</b>	<b>1,210,110</b>	<b>1,144,092</b>
Number of person	1	1	1	1

**28.2** The Chairman & Director have neither charged any remuneration nor any other benefits from the company.

## 29. FINANCIAL INSTRUMENTS RELATED DISCLOSURES

### 29.1 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.

### 29.2 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, 2020</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>					
Long term advances, deposits and prepayments	13,731,826	-	-	13,731,826	-
Property, plant and equipment	160,799,456			160,799,456	-
Intangible assets	3			3	-
Cash and bank balances	351,614	351,614			-
Advances, deposits, prepayments and other receivables	73,091,174	71,767,824	1,323,350		-
Trade receivables	80,069,002		80,069,002		-
Taxation - net	17,708,040		17,708,040		-
<b>Total Assets</b>	<b>345,751,115</b>	<b>72,119,438</b>	<b>99,100,392</b>	<b>174,531,285</b>	<b>-</b>
<b>LIABILITIES</b>					
Trade and other payables	8,442,631	8,442,631			-
Unclaimed dividend	625,215	625,215			-
Diminishing musharakah financing	67,241,111	102,234	10,444,060	56,694,817	-
Deferred tax liability	17,764,224			17,764,224	-
<b>Total Liabilities</b>	<b>94,073,181</b>	<b>9,170,080</b>	<b>10,444,060</b>	<b>74,459,041</b>	<b>-</b>
<b>Net Assets</b>	<b>251,677,934</b>	<b>62,949,358</b>	<b>88,656,333</b>	<b>100,072,244</b>	<b>-</b>
Share capital	107,444,130				
Reserves	144,233,804				
	<b>251,677,934</b>				

<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>-</b>
<b>LIABILITIES</b>					
Current portion of long term 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>-</b>
<b>Net Assets/Liabilities</b>	<b>243,010,647</b>	<b>29,819,681</b>	<b>55,980,127</b>	<b>157,210,839</b>	<b>-</b>
Share capital	107,444,130				
Reserves	135,566,517				
	<b>243,010,647</b>				

### 29.3 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, 2020							
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	Total								
----- Rupees -----															
<b>FINANCIAL ASSETS</b>															
Trade receivable	-	-	-	80,069,002	-	80,069,002	80,069,002								
Advances, deposits, prepayments and other receivables	-	-	-	69,293,841	-	69,293,841	69,293,841								
Cash and bank balances	5.5% to 11.25%	231,533	-	231,533	120,081	-	120,081	351,614							
		231,533	-	231,533	149,482,924	-	149,482,924	149,714,457							
<b>FINANCIAL LIABILITIES</b>															
Trade and other payables	-	-	-	8,442,631	-	8,442,631	8,442,631								
Unclaimed dividend	-	-	-	625,215	-	625,215	625,215								
Diminishing musharakah financing	10.13% to 17.32%	10,546,294	56,694,817	67,241,111	-	-	-	67,241,111							
		10,546,294	56,694,817	67,241,111	9,067,846	-	9,067,846	76,308,957							
<b>Net financial assets / (liabilities)</b>															
<b>June 30, 2020</b>															
		(10,314,761)	(56,694,817)	(67,009,578)	140,415,078	-	140,415,078	73,405,500							

Interest Rate Risk								June 30, 2019							
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	Total								
----- 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	3.75% - 4%	686,139	-	686,139	113,768	-	113,768	799,907							
		9,977,620	-	9,977,620	111,764,250	-	111,764,250	121,741,870							
<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	9.05% to 16%	42,337,507	63,627,944	105,965,451	-	-	-	105,965,451							
		42,337,507	63,627,944	105,965,451	8,914,111	-	8,914,111	114,879,562							
<b>Net financial assets / (liabilities)</b>															
<b>June 30, 2019</b>															
		(32,359,887)	(63,627,944)	(95,987,831)	102,850,139	-	102,850,139	6,862,308							

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

**29.5 Credit Risk**

The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits company's 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, 2020		June 30, 2019	
	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>

**30. NUMBERS OF EMPLOYEES**

	2020	2019
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>

**31. COVID-19 OUTBREAK AND ITS IMPACT ON FINANCIAL STATEMENTS**

The sudden spread of COVID-19 has disrupted lives, livelihoods, communities and businesses worldwide. In March, 2020, the relevant authorities announced a temporary lockdown as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from the month of March. At that difficult time, our focus was to safeguard the well-being of everyone including our associates and those within the dealer & the supply chain network. The Company believes that this crisis presents an opportunity to take bold actions and show leadership and solidarity. Level of communication has been significantly increased and associates have been empowered to work remotely.

The revenue of the Company was impacted by COVID-19 in the period of lockdown and in addition, the Company had to incur additional cost to ensure safety of its employees and stakeholders. Consequently, Covid-19 being one of the major factors which contributed towards overall decrease in revenues by approximately 26.7% along with the corresponding variable cost and variable overheads. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. Due to this, the management has assessed the accounting implications arising out of these developments on these financial statements, including but not limited to the following areas:

- The impairment of tangible and intangible assets under IAS 36, "Impairment of non-financial assets".

Based on the assessment, there is no significant accounting implication arising out of the effects of COVID-19 in these financial statements except for the decrease in revenue and corresponding variable cost and variable overheads as stated above.

### **32. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on **7<sup>th</sup> October 2020** 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.

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**Chief Financial Officer**

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**Chief Executive Officer**

---

**Director**

**SIX YEARS AT A GLANCE**

PARTICULARS	2020	2019	2018	2017	2016	2015
<b>FINANCIAL POSITION</b>						
Balance Sheet Size	345,751,115	381,433,837	407,372,413	353,887,513	265,754,873	212,576,404
Paid-up Capital	107,444,130	107,444,130	107,444,130	107,444,130	107,444,130	107,444,130
Statutory Reserves	48,540,340	46,806,884	42,777,408	36,018,673	31,811,422	27,834,688
Un-appropriated Profits	95,693,464	88,759,634	72,641,735	45,606,795	28,777,791	12,870,853
Fixed Assets (Net)	160,799,469	217,715,391	268,819,089	131,592,570	175,276,687	86,541,467
Net Investment in Lease & Hire Purchase Finance.	-	9,291,481	9,291,481	9,291,481	9,291,481	9,291,481
Lease Obligations	-	-	-	-	7,333,780	46,647,330
Diminishing Musharaka Financing	67,241,111	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
Current Assets	171,219,830	146,362,846	112,794,258	200,374,505	68,873,389	99,259,306
Current Liabilities	19,614,140	60,563,038	67,303,683	55,008,794	53,108,157	39,244,751
<b>INCOMES AND EXPENSES</b>						
Income from Operations	31,899,362	50,369,409	43,704,893	41,339,213	51,260,024	34,037,508
Other Income	8,975,548	8,277,265	20,755,440	11,168,073	1,380,751	1,352,361
Administrative & Operating Expenses	17,310,865	16,627,396	8,234,019	12,165,839	9,293,761	8,904,476
Financial Charges	11,364,742	14,639,994	15,465,963	8,521,964	10,378,620	6,273,697
Other Charges	-	-	-	-	659,368	433,295
Provision / (reversal) for losses	-	-	-	-	-	(1,453,040)
Profit/(Loss) before Tax	12,199,303	27,379,284	40,760,351	31,819,483	32,309,025	21,231,441
Taxation	(3,532,016)	(7,231,910)	(6,966,676)	(10,783,228)	(12,425,353)	(7,236,966)
Profit (Loss) after Tax	8,667,287	20,147,374	33,793,675	21,036,255	19,883,672	13,994,475

**PATTERN OF SHAREHOLDING  
HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2020**

No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
355	1	100	13150
125	101	500	38626
173	501	1000	112376
103	1001	5000	216184
9	5001	10000	60300
6	10001	15000	78005
3	15001	20000	52379
2	25001	30000	55346
1	30001	35000	31500
1	35001	40000	40000
1	50001	55000	52000
1	55001	60000	55500
1	60001	65000	60500
1	90001	95000	94500
1	205001	210000	207465
1	565001	570000	570000
1	9005001	9010000	9006582
<b>785</b>			<b>10,744,413</b>

## CATEGORIES OF SHAREHOLDERS AS ON 30TH JUNE 2020

S. No.	NAME	% AGE	HOLDING
<b><u>DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN</u></b>			
1	MR. SAAD SAEED FARUQI	0.0047	500
2	MR. SHAHRUKH SAEED FARUQUI	0.0047	500
3	BRIG (R) YASUB ALI DOGAR	0.0047	500
4	MR. MUHAMMAD DANISH HUSSAIN	0.0047	500
5	MR. AZAM ADNAN KHAN	0.0047	500
6	MS. SANA SHAHZAD	0.0047	500
7	MR. TAHIR SOHAIL	0.0047	500
		0.0326	3,500
<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	GULF INSURACNE 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>		13.3925	1,438,946
<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 28<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, 28 October, 2020 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 Corporation Limited  
D-131/A, Block 4, Clifton,  
Karachi

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