CORDOBA LEASING LIMITED

Financial Statements

For the period from

September 07, 2022
to
June 30, 2023

Parker Russell-A. J. S.
CHARTERED ACCOUNTANTS

Parker Russell-A. J. S.
CHARTERED ACCOUNTANTS

901, Q. M. House,
Elander Road, Karachi - Pakistan.
Tel: + 92-21-32621701-03
E-mail: khi@parkerrussellajs.com.pk
Offices also at Faisalabad, Lahore & Islamabad

The Board of Directors
Cordoba Leasing Limited,
Plot No. H-3/A, sector No.5,
Road No. 3000, EBM Causeway Road,
Korangi Industrial Area,
Karachi.

September 02, 2023
Ref No. AA/4888/2023-24

Dear Sir,

DRAFT FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

We are pleased to enclose three sets of the draft financial statements of Cordoba Leasing Limited ("the Company") prepared by the management, which we have initialed for the purpose of identification together with our draft report thereon. We shall be pleased to sign our audit report, with or without modification after:

a. the enclosed financial statements, with or without adjustments, have been approved by the Board and signed on its behalf by the Chief Executive Officer and a director duly authorized for this purpose;

b. we have seen Board's specific approval for the following:

	Rupees
• additions to fixed assets	450,654,401
• due from related party	356,078,100

- the transactions with related parties as disclosed in note 23 to the accompanying financial statement and

c. we have received a signed letter of representation along the lines of the draft provided to the Chief Executive Officer.

2. RESPONSIBILITIES OF AUDITORS AND THE MANAGEMENT IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors, in a usual examination of financial statements, are explained in International Standard on Auditing – 200 "Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with the International Standards on Auditing. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for the preparation of the financial statements is primarily that of the Company's management in accordance with the applicable financial reporting framework, which includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error. The Company's management responsibilities include to provide the auditor with (i) all information, such as record and documentation and other matters that are relevant to the preparation and presentation of the financial statements; (ii) any additional information that the auditor may request from the management, and where appropriate, those charged with governance; and (iii) unrestricted access to those within the entity from whom the auditor determines it is necessary to obtain audit evidence. The audit of the financial statements does not relieve the Company's management of its responsibilities. Accordingly, our examination of the books of account and records should not be relied upon to disclose all the errors or irregularities, which are not material in relation to the financial statements.

3. MATTER FOR THE ATTENTION

We set forth below certain significant matter, noted by us during the course of our audit, which in our view requires your attention.

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3.1 IFRS 9 and its application on Non-Banking Finance Companies

Institute of Chartered Accountants of Pakistan (ICAP) has issued guidelines for the implementation of IFRS 9 for Non-Banking Finance Companies, which allows NBFC's to apply the requirements of IFRS 9 in conjunction with the requirements of NBFC Regulations.

The application of IFRS 9 requires robust mechanism for monitoring the overdue and aging of the rentals received and outstanding as at the year end. Further, it also requires the management to make robust assessments for its customers with regards to their credit worthiness and assignment of ratings along with the review of industry, to apply the forward-looking approach, where its customers are operating, However, during our audit we noted that the Company is in its first year of operations where such requirements have not been put in place.

We recommend that the management should review their current mechanism and take appropriate measures to ensure compliance with these requirements from the inception to have a better control environment avoid any potential losses or claims from the customers.

4. UNIQUE DOCUMENT IDENTIFICATION NUMBER

To enhance public trust on auditor's report, the Institute of Chartered Accountants of Pakistan (ICAP) has issued a Directive 4.27, whereby it is required that every practicing chartered accountant will place UDIN generated from ICAP portal on the following reports:

- Auditors' Report on General Purpose Financial Statements
- Auditors' Report on Interim Financial Information
- Auditors' Report on Statement of Compliance with Code of Corporate Governance.

In order to obtain the UDIN, auditors are required to upload certain financial information of the reporting entity. Accordingly, we are required to upload the information on ICAP's portal for generation of UDIN. The ICAP, in its frequently asked questions, has assured that Client's confidential data would be entered by the concerned engagement partner and such data would not be available for any unauthorized use.

Compliance of the above ICAP Directive is mandatory and non-compliance will result in professional misconduct under Chartered Accountants Ordinance, 1961.

3. We have been advised by the Company's management as follow:

- there were no contingencies and commitments and transactions with related parties other than those which have been disclosed in the enclosed financial statements;
- that there were no suspected instances or instances of fraud that would have financial reporting implications or required disclosure in these financial statements; and
- that there were no instances of noncompliance with statutory laws and regulations that would have financial reporting implications.

4. We would like to inform you that unless we have signed the auditor's report on the enclosed financial statements, the same shall remain and be deemed unaudited.

We wish to place on our record our appreciation for the courtesy and cooperation extended to us by the management and staff of the Company at all levels during the course of audit.

Yours truly,

Parker Russell AJS

(Chartered Accountants)

901, Q. M. House,
Elander Road, Karachi - Pakistan.
Tel: + 92-21-32621701-03
E-mail: khi@parkerrusselajs.com.pk
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Independent Auditors' Report to the Members of Cordoba Leasing Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Cordoba Leasing Limited** (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the period then ended.

Basis for Opinion

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

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

The management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' 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) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 audits.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

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

c) investment made and expenditure incurred during the period were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in independent auditors' report is Muhammad Shabbir Kasbati.

Parker Russell AJS

(Chartered Accountants)
Date: October 03, 2023
Karachi.

UDIN: AR202310192bklsiB8ZW

Cordoba Leasing Limited
Statement of Financial Position
As at June 30, 2023

	Note	June 30, 2023 ----Rupees----
Assets		
Non-current assets		
Fixed assets	4	420,144,352
Net Investment in finance lease	5	155,557,480
Less: Current maturity of net investment in finance lease		(31,275,719)
		124,281,761
Long-term deposits	6	12,500
		544,438,613
Current assets		
Other receivables	7	10,700,391
Current maturity of net investment in finance lease		31,275,719
Cash and bank balances	8	1,325,542
		43,301,652
Total assets		587,740,265
Equity and liabilities		
Share capital and reserves		
Authorized share capital		
25,000,000 ordinary shares of Rs. 10 each		250,000,000
Issued, subscribed and paid-up share capital	9.1	150,000,000
Advance against share capital	9.4	100,000,000
Unappropriated profit		5,663,838
		255,663,838
Non-current liabilities		
Long term loans	10	254,850,000
Deferred taxation	11	13,309,426
		268,159,426
Current liabilities		
Trade and other payables	12	54,516,804
Accrued interest on loans	13	6,277,957
Income tax payable - net	14	3,122,240
		63,917,001
Total equities and liabilities		587,740,265
Contingent and commitments	15	

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive Officer

Director

Cordoba Leasing Limited
Statement of Profit or Loss and Other Comprehensive Income
For the period from September 07, 2022 to June 30, 2023

	Note	From Sept 07, 2022 to Jun 30, 2023
		----Rupees----
Income		
Income from operations		
Income from operating leases		48,347,510
Finance leases		11,754,591
		60,102,101
Income from other activities		
Other income - net	16	7,892,559
		67,994,660
Expenses		
Direct cost	17	34,817,027
Administrative and general expenses	18	4,036,565
Finance cost	19	6,281,714
		(45,135,306)
Profit before taxation		22,859,354
Taxation - net	20	(17,195,516)
Profit after taxation		5,663,838
Other comprensive income		-
Total comprensive income		5,663,838
Earning per share - basic & diluted	28	

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive Officer

Director

Cordoba Leasing Limited
Statement of Cash Flows
For the period from September 07, 2022 to June 30, 2023

	Note	From Sept 07, 2022 to Jun 30, 2023
		----Rupees----
Cash flows from operating activities		
Profit before taxation		22,859,354
Adjustments for non-cash items:		
Depreciation on fixed assets	4	30,882,548
Finance costs	19	6,281,714
		37,164,262
Operating profit before working capital changes		60,023,616
Changes in working capital		
(Increase) / decrease in current assets		
Investment in finance lease		(155,557,480)
Increase in debtors		(10,700,391)
Long term deposit		(12,500)
Increase / (decrease) in current liabilities		
Trade and other payables		54,516,804
Cash used in operations		(51,729,951)
Finance costs paid		(3,757)
Income tax paid		(763,850)
Net cash used in operating activities		(52,497,558)
Cash flows from investing activities		
Acquisition of fixed assets		(451,026,900)
Net cash used in investing activities		(451,026,900)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares		150,000,000
Advance against share capital		100,000,000
Proceeds from long term loans		254,850,000
Net cash generated from financing activities		504,850,000
Net increase in cash and cash equivalents		1,325,542
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	8	1,325,542

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive Officer **Director**

Cordoba Leasing Limited
Statement of Changes in Equity
For the period from September 07, 2022 to June 30, 2023

	Issued, subscribed and paid-up share capital	Unappropriated profit	Total
	-------------------------	Rupees	-------------------------
Balance as at September 07, 2022	-	-	-
Proceeds from issuance of shares	150,000,000	-	150,000,000
Profit after taxation	-	5,663,838	5,663,838
Balance as at June 30, 2023	150,000,000	5,663,838	155,663,838

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive Officer

Director

1. THE COMPANY AND ITS OPERATIONS

Cordoba Leasing Limited ("the Company") was incorporated as a public unlisted company under the Companies Act, 2017 on September 7, 2022. The registered office of the Company is situated at Plot No. H-3/A, sector No.5, Road No. 3000, EBM Causeway Road, Korangi industrial area, Karachi, Pakistan.

The principal line of business of the Company shall be to carry on business of 'Leasing' as a licensed Leasing Company in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008 and all the applicable laws, notifications, directive and circulars etc. and to do, engage in and perform all such activities, matters, deeds and things as are directly or indirectly prerequisite related or consequential thereto.

Corresponding figures have not been presented in these financial statements as these are the first set of financial statements after the incorporation of the Company.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

Where provisions of and directives issued under the Companies Act, 2017, the NBFC Rules or the NBFC Regulations differs from IFRSs, the provisions of and directives issued under the Companies Act, 2017, the NBFC Rules or the NBFC Regulations have been followed.

2.2 Significant accounting estimates and judgements

The preparation of these financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in the application of accounting policies are as follows:

(a) determination of the residual values and useful lives of fixed assets (notes 3.2 and 4);
(b) determination of classification, valuation and impairment of financial assets (note 3.9.1);
(c) recognition of taxation and deferred tax (note 14 and 20);
(d) impairment of non-financial assets (note 3.5).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Fixed assets

3.2 Own use and operating lease

'These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Cost incurred to replace a component of an item of fixed asset is capitalised and the asset so replaced is retired from use. All repairs and maintenance expenditure are charged to the statement of profit or loss during the period in which these are incurred.

Depreciation is charged using the straight line method over the estimated useful lives of assets, at the rates specified in notes 4.1 and 4.2 to these financial statements after taking into account residual values if significant. Vehicles under operating lease are depreciated at the rates specified in note 4.2 by considering residual values. Depreciation on additions is charged from the month in which the assets are available for use. No depreciation is charged in the month of disposal.

Disposal of assets is recognised when significant risk and rewards incidental to ownership have been transferred to buyer. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of profit or loss for the year.

The residual values, useful lives and methods of depreciation of assets are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposal or retirement of property and equipment are recognised in the statement of profit or loss.

3.3 Net investment in finance lease

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

3.4 Allowance for potential lease

The Company applies IFRS 9 simplified approach and general approach for lease losses respectively to determine Expected Credit Losses (ECL). A lifetime ECL is recorded on loans in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and on loans which are credit impaired as on the reporting date. A 12 months ECL is recorded for loans which do not meet the criteria for SICR or "credit impaired" as at the reporting date. To assess whether there is a significant increase in the credit risk, the Company compares the risk of a default occurring on the leases as at the reporting date with the risk of default as at the date of initial recognition. The Company also considers reasonable and supportive forward-looking information in the determination of ECL. The allowance is increased by provisions charged to the statement of profit or loss and is decreased by charge-offs, net of recoveries.

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

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

3.5 Impairment of non-financial assets

The Company assesses at each reporting date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount for which the assets' carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels, for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment, are reviewed for possible reversal of the impairment at each statement of financial position date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss or reversal of impairment loss is recognised in profit or loss for the year.

3.6 Trade debts and other receivable

Trade debts are recognised when the performance obligation is satisfied and the right to receive consideration becomes unconditional. Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case they are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method.

3.7 Loans, advances and deposits

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the reporting date. Balances considered doubtful and irrecoverable are written off when identified.

3.8 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and balances held with banks.

3.9 Financial instruments

Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company losses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the profit or loss.

3.9.1 Financial assets

Classification and subsequent measurement

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

- at amortised cost;
- at fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses;
- at FVOCI with no recycling of cumulative gains and losses upon derecognition; and
- at fair value through profit or loss (FVPL).

a) At amortised cost

The Company measures financial assets at amortised cost if the financial asset is held within a business model with an objective to hold and collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.8.1.1. Gains and losses are recognised in the unconsolidated statement of profit or loss when the asset is derecognized, modified or impaired.

b) At fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses

The Company measures financial assets at FVOCI if the financial asset is held within a business model with an objective of both holding to collect contractual cash flows and selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment losses or reversals, recognised and measured as described in note 3.8.1.1, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the unconsolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the unconsolidated statement of profit or loss.

c) At FVOCI with no recycling of cumulative gains and losses upon derecognition

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to the unconsolidated statement of profit or loss. Dividends are recognised in the unconsolidated statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

d) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the unconsolidated statement of profit or loss in the period in which it arises.

3.9.1.1 Impairment

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

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

The Company applies the IFRS 9 simplified approach to measure expected credit losses for leases. For all other financial assets, a life time ECL is recorded in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and for financial assets which are credit impaired as on reporting date. A 12 months ECL is recorded for all other financial assets which do not meet the criteria for SICR or "credit impaired" as at reporting date.

3.9.1.2 Derecognition

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

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

3.9.1.3 Regular way contracts

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

3.9.1.4 Initial recognition

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

3.9.1.5 Business model

The business model reflects how the Company manages the assets in order to generate cash flows, that is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

3.9.1.6 SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

3.9.1.7 Reclassifications

The Company reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

3.9.1.8 Write-offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Against each customer's outstanding exposure which stands as impaired, the Company makes an assessment with respect to the timing and amount of write-off based on the expectation of recovery. However, financial assets that are written off remain subject to legal enforcement activities for recovery of amounts due

3.9.2 Financial liabilities

Classification, initial recognition and subsequent measurement

Financial liabilities are classified in the following categories:

- fair value through profit or loss; and
- other financial liabilities.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

i. Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

ii. Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in profit or loss for the year, when the liabilities are derecognized as well as through effective interest rate amortization process.

3.9.2.1 Derecognition of financial liabilities

The Company derecognises financial liabilities when and only when the Company's obligations are discharged, cancelled or they expire.

3.9.3 Offsetting financial assets and financial liabilities

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

3.10 Functional and presentation currency

Items included in the financial statement are measured using the currency of the primary economic environment in which the Company operates. The financial statement are presented in Pakistan Rupee, which is the Company's functional and presentation currency.

3.11 Trade and other payables

Liabilities for creditors and other amounts payable are carried at amortised cost which is the fair value of the consideration to be paid in the future for the goods and/or services received whether or not billed to the Company.

3.12 Provisions

Provisions are recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.13 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss as to the extent that it relates to items recognised in equity in which case it is recognised in equity through other comprehensive income.

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with prevailing law for taxation on income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any and taxes paid under the final tax regime and any adjustment to tax payable in respect of previous years.

Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates that have been enacted. Deferred tax is charged or credited to profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in the equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.14 Contingencies and commitments

The assessment of the contingencies inherently involves the exercise of significant judgement as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities (if any) which may differ on the occurrence / non occurrence of the uncertain future events.

3.15 Revenue recognition

3.15.1 Finance leases

The Company follows the 'financing method' in accounting for finance lease. The total unearned finance income i.e. the excess of aggregate instalment contract receivables plus residual value over the cost of the leased asset is deferred and amortised over the term of the lease, so as to produce a systematic return on the net investment in finance lease. Revenue recognition from finance leases is suspended when rent is past due by ninety days or more. Processing fee and other lease related income is recognised on receipt basis.

3.15.2 Operating lease income

Rental income from assets classified as operating lease is recognised on an accrual basis.

3.16 Other income

Other income is recognised on a receipt basis.

3.17 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components.

Operating segments are reported in a manner consistent with the internal reporting structure. The management monitors the operating results of its business units separately for the purpose of making decisions regarding resources allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated assets and liabilities.

3.18 Earning per share

The Company presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders, and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any

	Note	June 30. 2023 ----Rupees----
4 FIXED ASSETS		
Own use	4.1	505,979
Operating leases	4.3	419,638,373
		420,144,352

4.1 Fixed assets - Own use

	Cost			Accumulated depreciation			
	Opening balance	Additions	As at June 30, 2023	Opening balance	Charge for the year	As at June 30, 2023	Net book value as at June 30, 2023
	------------------Rupees------------------						
Office equipment	-	521,500	521,500	-	15,521	15,521	505,979

4.2 The Company does not own any immovable property on its own name.

4.3 Fixed assets - On operating lease

	Cost			Accumulated depreciation			
	Opening balance	Additions	As at June 30, 2023	Opening balance	Charge for the year	As at June 30, 2023	NBV as at June 30, 2023
	------------------Rupees------------------						
Vehicles	-	450,505,400	450,505,400	-	30,867,027	30,867,027	419,638,373

4.4 The depreciation expense on operating leased assets has been charged to direct cost.

4.5 Company charges depreciation on fixed assets as per the rates below:

Own use	33% per annum
Operating leases	20% per annum

		Note	June 30, 2023 ----Rupees----
5.	**NET INVESTMENT IN FINANCE LEASE**		
	Instalment contract receivables		237,711,979
	Residual value		66,275,227
	Less: adjustable security deposit	5.1	(66,275,227)
	Gross investment in finance lease		237,711,979
	Less: unearned finance income		(82,154,499)
	Present value of investment in finance lease		155,557,480

5.1 Security deposit is received from the lessees under finance lease contract which is adjustable at the of the lease period.

5.2 **Details of investment in finance lease**

	June 30, 2023	
	Gross investment in finance lease	Present value of investment in finance lease
	----------Rupees----------	
Less then one year	71,817,646	31,275,719
One to five years	165,894,333	124,281,761
	237,711,979	155,557,480

5.3 The Company's implicit rate of return on leases ranges from 26% to 38% per annum. These are secured against leased assets, security deposits averaging 25% of the cost of leased assets and personal guarantees.

5.4 Lease rentals received during the year amounted to Rs. 11,852,316.00

5.5 There has been no change in the credit risk of the customer since the commencement of the lease agreements, accordingly no provision has been charged in these financial statements. Further, all the lease rentals were timely settled i.e. without any overdue installments. Therefore considering historical patterns of the customer payments, the impact of allowance for potential lease losses is not material as of June 30, 2023.

		Note	June 30, 2023 ----Rupees----
6.	**LONG TERM DEPOSITS**		
	Deposit with Central Depository Company Ltd. (CDC).	6.1	12,500

		June 30, 2023 ----Rupees----
7.	**OTHER RECEIVABLES**	
	Considered good	
	Operating lease rentals	10,700,391

		Note	June 30, 2023 ----Rupees----
8.	**CASH AND BANK BALANCES**		
	Cash in hand		238,375
	Cash at bank - Savings account	8.1	1,087,167
			1,325,542

8.1 This carries profit at the rate of 10% - 13% during the period.

9. SHARE CAPITAL AND RESERVES

9.1 Issued, subscribed and paid-up share capital

15,000,000 ordinary shares of Rs. 10 each fully paid in cash	150,000,000

9.2 The Company was incorporated on September 07, 2022 through injection of Rs 50 million by Cordoba Logistics & Ventures Limited ("CLVL") against issuance of 5 million ordinary share at Rs. 10 each. As at reporting date, being the Holding Company CLVL held 100%, shares of the Company.

9.3 Reconciliation between ordinary shares in issue at the beginning and end of the year is as follow:

	June 30, 2023 Number of shares
At the beginning of the year	5,000,000
Issuance of shares during the year	10,000,000
At end of the year	15,000,000

9.4 Advance against share capital

This represents amount received from the Holding Company for further issuance of shares as approved by the board of directors. The Company was in the process of issuance of shares as at June 30, 2023 which were issued subsequent to the year end.

		Note	June 30, 2023 ----Rupees----
10.	**Long term loans**		
	Cordoba Logistics & Ventures Limited		88,350,000
	Elahi Group of Companies		166,500,000
		10.1	254,850,000

10.1 This represent the loan from related parties for the purpose of financing the operations and working capital requirements of the Company. This loan carries markup at the rate 3 months KIBOR plus 2%.

		June 30, 2023 ----Rupees----
11.	**DEFERRED TAXATION**	
	The deferred tax liability is attributable to the following items:	
	Accelerated tax depreciation	17,195,516
	Less: Deferred tax asset on ACT	(3,886,090)
		13,309,426

	Note	June 30, 2023 ----Rupees----
12. TRADE AND OTHER PAYABLES		
Trade creditors	12.1	50,000,000
Danish Elahi - Director	12.2	2,935,604
Other payables		1,581,200
		54,516,804

12.1 This represents the amount payable against the purchase of vehicles for onward leasing to customers.

12.2 This represents the outstanding amount in respect of expenses paid for the incorporation of the Company and repayable on demand.

	June 30, 2023 ----Rupees----
13. ACCRUED INTEREST ON LOANS	
On long term loans from related parties	6,277,957
14. INCOME TAX PAYABLE - NET	
Provision for taxation	3,886,090
Less: Advance income tax	(763,850)
	3,122,240

15. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at June 30, 2023.

	Note	From Sept 07, 2022 to Jun 30, 2023 ----Rupees----
16. OTHER INCOME		
Income from other then financial assets		
Fees and other income		5,346,394
Profit on saving account		2,546,165
		7,892,559
17. DIRECT EXPENSES		
Salaries, wages and benefits		3,950,000
Depreciation		30,867,027
		34,817,027
18. ADMINISTRATIVE EXPENSES		
Legal and professional charges	18.1	2,224,684
Software charges		912,000
Stationary expenses		332,979
Traveling expense		126,284
Auditors' remuneration	18.2	425,097
Depreciation		15,521
		4,036,565

18.1 This includes Rs.1,140,074/- expenses incurred for Company incorporation.

		Note	From Sept 07, 2022 to Jun 30, 2023 ----Rupees----
18.2	**Auditor's remuneration**		
	Audit fee		200,000
	Other services and certifications		155,800
	Sales tax on audit fee and other services		31,489
	Out of pocket expenses		37,808
			425,097
19.	**FINANCE COST**		
	Mark-up on long-term finance	19.1	6,277,957
	Bank charges		3,757
			6,281,714

19.1 This represents markup on loan from related party at the rate of 3 months KIBOR plus 2%.

		From Sept 07, 2022 to Jun 30, 2023 ----Rupees----
20.	**TAXATION**	
	Current tax	3,886,090
	Deferred tax	13,309,426
		17,195,516

20.1 Tax charged for the year ended June 30, 2023 represents tax payable under section 113 (C) of the Income Tax Ordinance, 2001, and for this reason, relationship between tax expense and accounting profit has not been presented in these financial statements.

21. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND EXECUTIVES.

21.1 The aggregate amount charged in the financial statements for the year in respect of remuneration, including all the benefits to the chief executives of the company are as follows:

	30 June, 2023	
	Chief Executive Officer	**Executive**
Managerial remunerations	1,600,000	2,350,000
No. of persons	1	1

21.2 Executives denote employees, other than the Chief Executive Officer and Executive Directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

22. SEGMENT INFORMATION

The Company has two primary reporting segments namely, 'Finance Lease' and 'Operating Lease', based on the nature of business and the related risks and returns associated with these segments. The finance lease operations are primarily for long-term leases of movable assets to corporate entities. Under the operating lease segment, the Company provides motor vehicles on short-term rentals to corporate entities. Other operations which do not fall into the above segment categories and are not deemed by the management to be sufficiently significant to disclose as separate items are reported under 'Other'.

22.1 Segment analysis is given below

	2023			
	Operating lease	**Finance lease**	**Others**	**Total**
	---------------------Rupees-----------------------			
Segment revenues	48,347,510	11,754,591	-	60,102,101
Finance cost	(4,397,200)	(1,884,514)	-	(6,281,714)
Direct cost	(33,298,027)	(2,431,000)	-	(35,729,027)
Administrative cost	(1,562,283)	(1,562,282)	-	(3,124,565)
Other income	-	-	7,892,559	7,892,559
Segment results	9,090,000	5,876,795	7,892,559	22,859,354
Provision for taxation				(17,195,516)
Profit for the year				5,663,838
Other information				
Segment assets	419,638,373	155,557,480	-	575,195,853
Total assets				575,195,853
Segment liabilities	50,000,000	-	-	50,000,000
Unallocated liabilities				4,516,804
Total liabilities				54,516,804
Depreciation	30,867,027	-	-	30,867,027
Unallocated				
fixed assets for own use	-	-	-	505,979
Unallocated depreciation	-	-	-	15,521

22.2 Segment by class of business

An analysis by class of business of the Company's net investment in finance leases in given below

Sectors	**%**	**2023 (Rupees)**
Food	26%	40,414,090
Pharmaceutical	26%	40,288,896
Fuel and energy	24%	37,028,694
Electric and electronic goods	12%	19,163,567
Plastic	12%	18,662,233
		155,557,480

22.3 Geographical segment analysis

The Company's operations are restricted to Pakistan only.

23. TRANSACTIONS WITH RELATED PARTIES

Related parties include subsidiaries, associated entities, directors, other key management personnel and close family members of directors and other key management personnel. Details of the transactions with related parties during the period under review, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name	Relationship	Nature of transaction	From Sep 07, 2022 to Jun 30, 2023 ----Rupees----
Cordoba Logistics & Ventures Limited	Holding Company	Investment made	250,000,000
		Long term loan	88,350,000
Elahi Group	Associated concern	Advance against working capital	166,500,000
Daewoo Pakistan Express	Common directorship	Asset purchased	150,000,000
		Rental income	34,200,576
Findtech T&D Private Limited	Common directorship	Asset purchased	22,241,079
		Finance income	1,695,852
Danish Elahi	Director	Advance against expenses	2,935,604

23.1 The balance with related parties as at year end:

Name	Relationship	Nature of transaction	June 30, 2023 ----Rupees----
Cordoba Logistics & Ventures Limited	Holding Company	Long term loan	88,350,000
Elahi Group	Associated concern	Advance against working capital	166,500,000
Findtech T&D Private Limited	Common directorship	Lease receivable	19,163,567
Danish Elahi	Director	Advance against expenses	2,935,604

24. STAFF STRENGTH

	2023 Number of staff
Staff strength at the end of the year	4
Average number of employees	4

25. FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2023			
	At FVTOC	At FVTPL	At amortized cost	Total
	--------------Rupees--------------			
Financial assets				
Net investment in finance lease	-	-	155,557,480	155,557,480
Long-term deposits	-	-	12,500	12,500
Other receivables	-	-	10,700,391	10,700,391
Cash and bank balances	-	-	1,325,542	1,325,542
	-	-	167,595,913	167,595,913
Financial liabilties				
Long term loans	-	-	254,850,000	254,850,000
Trade and other payables	-	-	54,516,804	54,516,804
	-	-	309,366,804	309,366,804

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

The Company currently finances its operations with a view to maintain an appropriate mix between various sources of finance to minimise risk. The Company's risk management policies and objectives are as follows:

26.1 Credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and causes the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The table below analysis the Company's maximum exposure to credit risk.

	June 30, 2023
	-----Rupees-----
Net investment in finance lease	155,557,480
Long-term deposits	12,500
Other receivables	10,700,391
Cash and bank balances	1,325,542
	167,595,913

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

The credit quality of Company's bank balances and other financial can be assessed by reference to external credit ratings or to historical information about counterparty default rates. As at June 30, 2023 the Company's balance has been kept at a bank having a credit rating of AA (long term) and A-1+ (short term). The credit rating has been carried out by JCR-VIS. The other financial assets has not been deteriorated since the commencement of lease agreements.

26.2 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2023, the Company did not hold any listed instruments which exposed it to price risk.

26.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

26.4 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company manages its exposure against foreign currency risk by entering into foreign exchange contracts where considered necessary.

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. Currently the Company is not exposed to currency risk.

26.5 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company has adopted appropriate policies to minimise its exposure to this risk. The interest rate profile of the Company's significant interest bearing financial instruments and the periods in which these will mature are as follows:

	Exposed to yield / interest rate risk							Not exposed to yield / profit rate risk
	Effective Yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	
		Rupees						
Financial assets								
Net investment in finance lease	26% - 38%	155,557,480	-	-	-	-	-	155,557,480
Long term deposite		12,500	-	-	-	-	-	12,500
Other receivables		10,700,391	-	-	-	-	-	10,700,391
Cash and bank	10% - 13%	1,325,542	1,087,167	-	-	-	-	238,375
Total		167,595,913	1,087,167	-	-	-	-	166,508,746
Financial liabilities								
Long term loans	23% - 25%	254,850,000	-	-	-	254,850,000	-	-
Trade and other payables		54,516,804	-	-	-	-	-	54,516,804
Accrued interest on loans		6,277,957	-	-	-	-	-	6,277,957
Total		315,644,761	-	-	-	254,850,000	-	60,794,761
Interest rate sensitivity gap		(148,048,848)	1,087,167	-	-	(254,850,000)	-	105,713,985

a) Sensitivity analysis for variable rate financial instruments

The Company has KIBOR based financial liabilities in Pakistani Rupees representing long-term loans obtained from related parties which expose the Company to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax would have been lower / higher by Rs.261,582. However, the Company does not have any KIBOR based financial assets as June 30, 2023.

b) Sensitivity analysis for fixed rate financial instruments

As at June 30, 20223 the Company has extended net investment in finance leases to the customer at a fixed rate which does not expose the Company to either cashflow or fair value interest rate risk.

26.6 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. To guard against this risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents. The maturity profile of trade debts is monitored to ensure adequate liquidity is maintained. The management forecasts the liquidity of the Company on the basis of expected cash outflows considering the level of liquid assets necessary to meet such outflows.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	2023				
	Carring amount	Contractual cash flows	Upto three months	More then three months and upto one	More then one year
	---Rupees---				
Due to related party	254,850,000	261,127,957	6,277,957	-	254,850,000
Trade and other payable	54,516,804	54,516,804	54,516,804	-	-
	309,366,804	315,644,761	60,794,761	-	254,850,000

26.7 Fair value of financial instruments

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

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

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

The level in the fair value hierarchy within which the fair value measurement of a financial instrument is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement of that financial instrument.

27. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing its operations primarily through equity and working capital. The Company has no material gearing risk in the current year.

28. EARNINGS PER SHARE - basic and diluted

	June 30, 2023
Profit for the year after taxation (Rupees)	5,663,838
Weighted average number of ordinary shares	15,000,000
Earnings per share - basic (rupees)	0.38
diluted (rupees)	0.23

Diluted earnings per share has been accounting for after incorporatng advance against future issue of shares as at June 30, 2023 which would have effect on the earnings per share if it is converted through issuance of ordinary shares.

29. GENERAL

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

30. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved and authorized for issue by the board of directors of the company in its meeting held on 03 OCT 2023.

Chief Executive Officer **Director**