

COEUS SOLUTIONS (PVT.) LIMITED

ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2019

INDEPENDENT AUDITORS' REPORT

To the members of Coeus Solutions (Pvt) Limited Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Cocus Solutions (Pvt) Limited ("the Company")**, which comprises statement of financial position as at June 30, 2019, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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, the statement of comprehensive income, statement of changes in equity and 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, 2019 and of the profit, the 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 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.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of the 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. The Board of directors is 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 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.

Report on Other Legal and Regulatory Requirements

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

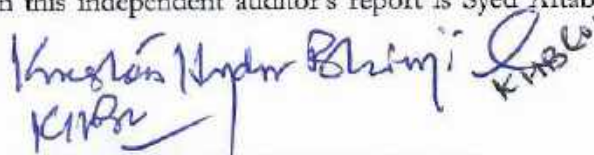
- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows (together with the notes thereon have been drawn up in conformity with the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the 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).

Other Matter

Management of the same Company has prepared another set of financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and the auditor has issued an unmodified report dated October 01, 2019 on those financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Syed Aftab Hameed, FCA.

LAHORE: 01 NOV 2021



KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

COEUS SOLUTIONS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	<u>Note</u>	<u>2019</u> <u>(Rupees)</u>	<u>2018</u> <u>(Rupees)</u>
Assets			
Non-current assets			
Property, plant and equipment	5	8,249,473	8,625,477
Long term deposits - against Ijarah facilities	6	2,877,440	3,402,800
		11,126,913	12,028,277
Current assets			
Trade receivables - unsecured and considered good	7	13,276,114	10,449,816
Advances, deposits and prepayments	8	2,749,162	2,133,171
Income tax refund due from government	9	1,387,946	1,024,867
Cash and bank balances	10	27,717,294	15,672,488
		45,130,516	29,280,342
TOTAL ASSETS		56,257,429	41,308,619
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
Issued, subscribed and paid up capital	11	1,000,000	1,000,000
Revenue reserve			
Un-appropriated profit		46,935,301	30,858,278
		47,935,301	31,858,278
Current liabilities			
Trade and other payables	12	8,322,128	9,450,341
Contingencies and commitments			
	13		
TOTAL EQUITY AND LIABILITIES		56,257,429	41,308,619

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Executive

Director

K. M. S. S.

COEUS SOLUTIONS (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2019

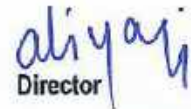
	Note	2019 Rupees	2018 Rupees
Revenue	14	142,253,105	119,287,443
Direct cost	15	(102,600,801)	(93,098,268)
Gross profit		39,652,304	26,189,175
Operating expenses			
Administrative and general expenses	16	(25,704,472)	(16,399,594)
Operating profit		13,947,832	9,789,581
Other income	17	2,200,132	779,481
Finance costs	18	(70,941)	(129,905)
Profit before taxation		16,077,023	10,439,157
Taxation	19	-	-
Profit after taxation for the year		16,077,023	10,439,157

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Executive



Director



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COEUS SOLUTIONS (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u> Rupees	<u>2018</u> Rupees
Profit after taxation for the year	16,077,023	10,439,157
Other comprehensive income	-	-
Total comprehensive income for the year	<u><u>16,077,023</u></u>	<u><u>10,439,157</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

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Chief Executive



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Director

COEUS SOLUTIONS (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2019

	Share capital	Revenue reserve	Total equity
	Issued, subscribed and paid up capital	Unappropriated profit	
	Ordinary shares		
 Rupees		
Balance at July 01, 2017	1,000,000	20,419,121	21,419,121
Profit for the year	-	10,439,157	10,439,157
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	10,439,157	10,439,157
Balance at June 30, 2018	1,000,000	30,858,278	31,858,278
Balance at July 01, 2018	1,000,000	30,858,278	31,858,278
Profit for the year	-	16,077,023	16,077,023
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	16,077,023	16,077,023
Balance at June 30, 2019	1,000,000	46,935,301	47,935,301

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Executive


Director


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COEUS SOLUTIONS (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30,2019

	Note	2019 Rupees	2018 Rupees
Cash flows from operating activities			
Profit before taxation		16,077,023	10,439,157
Adjustments for non-cash income and expenses:			
Depreciation of property, plant and equipment		1,971,995	1,809,214
Exchange gain		(2,200,132)	(779,481)
Finance costs		70,941	129,905
		15,919,827	11,598,795
Changes in working capital:			
Trade receivables - unsecured and considered good		(626,166)	8,139,560
Advances, deposits and prepayments		(615,991)	(1,014,663)
Trade and other payables		(1,128,213)	2,578,934
Cash generated from operations		13,549,457	21,302,626
Long term deposits - net		525,360	(3,402,800)
Income tax paid		(363,079)	(310,908)
Finance cost paid		(70,941)	(129,905)
Net cash inflow from operating activities		13,640,797	17,459,013
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment		(1,595,991)	(2,191,702)
Net cash (outflow) from investing activities		(1,595,991)	(2,191,702)
Cash flows from financing activities			
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		12,044,806	15,267,311
Cash and cash equivalents at the beginning of the year		15,672,488	405,177
Cash and cash equivalents at the end of the year	10	27,717,294	15,672,488

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Executive


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 Director


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COEUS SOLUTIONS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1 Corporate and general information

1.1 Legal status and operations

Coeus Solutions (Private) Limited was incorporated on 27th day of December 2013 as a private limited liability company in Pakistan under the Companies Ordinance 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The company's registered office is located at 6-Commercial Zone, 2nd Floor, Liberty Market, Gulberg III, Lahore, Punjab. It is principally engaged in the business of providing all kinds of information technology and software development services.

1.2 Summary of significant events and transactions in the current reporting period

There is no significant event or transaction affecting the Company's financial position and performance.

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 Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Key judgements and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment
- Impairment of non-financial assets – Note 3.2
- Impairment of trade receivables – Note 3.3
- Impairment of financial assets other than trade receivables – Note 3.4

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- Current income tax expense, provision for current tax - Note 3.8
- Estimation of provisions - Note 3.9
- Estimation of Contingencies - Note 3.10

The revisions to accounting estimates (if any) are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes as explained below.

3.1 Property, plant and equipment

Initial recognition

All items of property, plant and equipment are initially recorded at cost.

Subsequent measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment loss (if any).

Depreciation

Depreciation is charged to income by applying the reducing balance method at the rates specified in note-4. Depreciation is being charged on the basis of period of use i.e. no depreciation is provided on assets in the month in which these are sold while charge for the full month is made in which these are purchased and available for its intended use.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the statement of profit or loss.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

3.2 Impairment of non-financial assets

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

3.3 Trade and other receivables

Measurement

Trade receivables and other receivables are recognised at transaction price less an allowance for impairment.

Impairment

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

Judgments and estimates

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

3.4 Impairment of financial assets other than trade receivables

The financial assets other than those that are carried at fair value are assessed at each reporting date to determine whether there is any objective evidence of their impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

The impairment loss is recognized immediately in the statement of profit or loss and the carrying amount of the related financial asset is reduced accordingly. An impairment loss is reversed only if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

3.5 Borrowings

Measurement

Loans are measured at amortised cost using the effective interest method.

Overdrafts are repayable in full on demand and are initially measured and subsequently stated at face value (the amount of the loan).

Interest

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Interest-free loan

In case the loan is interest-free or carries interest below the prevalent market rate, it is initially recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The difference between the discounted present value and actual receipt is recognised as finance income. Subsequently, the interest-free loan is measured at amortized cost, using the effective Interest rate method, this involves unwinding of discount, such that at the repayment date, the carrying value of obligation equals the amount to be repaid. The unwinding of discount is included in finance costs in the statement of profit or loss.

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3.6 Leases

At its inception, a lease is classified as either a finance lease or an operating lease. Finance leases transfer substantially all the risks and rewards of ownership. All other leases are classified as operating leases.

Finance leases

Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is apportioned between the liability and finance charges using the effective interest method. Rental obligations, net of finance charges, are included in borrowings in the

Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Minimum lease payments receivable under operating leases are recognised as revenue on a straight-line basis over the term of the lease.

3.7 Trade and other payables

Trade payables are obligations under normal short-term credit terms. These are measured at the undiscounted amount

3.8 Income tax

Income tax comprises of current tax and deferred tax.

Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity (if any), in which case the tax amounts are recognized directly in other comprehensive income or equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year; calculated using rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credit and tax rebates, if any, and is inclusive of any adjustment to income tax payable or recoverable in respect of previous years.

No Provision for taxation has been made in these accounts as income of the Company from export of IT services or IT enabled services is exempt under clause 133 Part I of second schedule of the Income Tax Ordinance, 2001.

Deferred tax

A deferred tax liability is recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and the carryforward of unused tax losses.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the balance sheet date.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

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Off-setting

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority.

However, income of the Company from export of IT services or IT enabled services is exempt under clause 133 Part I of second schedule of the Income Tax Ordinance, 2001 up to June 30, 2019 (i.e. tax year 2019).

3.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the statement of profit or loss.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

Provision for warranty obligations

All goods sold by the Company are warranted to be free of manufacturing defects for a period of one year. Provisions for warranty costs are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Company's obligation.

3.10 Contingent liabilities

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

3.11 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.12 Revenue recognition

Revenue is recognised to the extent the Company has delivered goods or rendered services under an agreement, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

Revenue is measured at the fair value of the consideration received or receivable, exclusive of sales tax and trade discounts.

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Property, plant and equipment

Particulars	Cost			Rate	Depreciation			Written down value as at 30-Jun-19
	As at 1-Jul-18	Additions	As at 30-Jun-19		As at 1-Jul-18	Charge for the year	As at 30-Jun-19	
Furniture and fixtures	6,908,295	317,105	7,225,400	15%	3,120,313	589,669	3,709,982	3,515,418
Office equipment	1,816,358	125,742	1,942,100	15%	611,828	166,803	798,631	1,143,469
Computers	5,571,383	1,111,144	6,682,527	30%	2,837,553	1,058,553	3,896,106	2,786,421
Vehicles	1,652,000	42,000	1,694,000	15%	752,865	136,970	889,835	804,165
Rupees - 2019	15,948,036	1,595,991	17,544,027		7,322,559	1,971,995	9,294,554	8,249,473

Particulars	Cost			Rate	Depreciation			Written down value as at 30-Jun-18
	As at 1-Jul-17	Additions	As at 30-Jun-18		As at 1-Jul-17	Charge for the year	As at 30-Jun-18	
Furniture and fixtures	6,858,855	49,440	6,908,295	15%	2,454,030	666,283	3,120,313	3,787,982
Office equipment	1,399,608	416,750	1,816,358	15%	457,187	154,641	611,828	1,204,530
Computers	3,880,371	1,691,012	5,571,383	30%	2,002,860	834,693	2,837,553	2,733,830
Vehicles	1,617,500	34,500	1,652,000	15%	599,268	153,597	752,865	899,135
Rupees - 2018	13,756,334	2,191,702	15,948,036		5,513,345	1,809,214	7,322,559	8,626,477

Depreciation has been allocated as under:

	2019 Rupees	2018 Rupees
Direct cost	1,380,397	1,266,450
Administrative and general expenses	591,598	542,764
	1,971,995	1,809,214

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	Note	2019 (Rupees)	2018 (Rupees)
6		2,877,440	3,402,800
7		13,276,114	10,449,816
8			
		2,570,825	2,098,000
Advances to employees-considered good		20,500	20,500
Security deposits		157,837	14,671
Prepayments		2,749,162	2,133,171
9			
Income tax refund due from government		1,024,867	713,959
Opening balance		363,079	310,908
Add: Paid / deducted during the year		1,387,946	1,024,867
Less: Provision for the year	19	-	-
		1,387,946	1,024,867
10			
Cash and bank balances			
Cash on hand:			
Local currency		112,567	37,593
Foreign currency (euros)		379,657	629,096
		492,224	666,689
Bank balances:			
Current accounts		27,225,070	15,005,799
		27,717,294	15,672,488
11			
Share capital			
Authorised share capital		1,000,000	1,000,000
10,000 (2018: 10,000) ordinary shares of Rupees 100/- each			
Issued, subscribed and paid up capital			
		2019	2018
		Numbers	Numbers
		10,000	10,000
		Ordinary shares of Rs. 100 each paid in cash	
	Note	2019 Rupees	2018 Rupees
		1,000,000	1,000,000
11.1			
The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.			
12			
Trade and other payables			
Creditors		590,494	333,135
Accrued liabilities		7,061,141	5,963,171
Payable to provident fund		509,793	2,803,320
Withholding tax payable		74,450	264,465
Auditors' remuneration payable		86,250	86,250
		8,322,128	9,450,341
13			
Contingencies and commitments			
Contingencies			
There are no material known contingencies outstanding against the company as at the reporting date (2018: nil).			
Commitments			
Company is committed to pay the following:			
Ijarah leases			
Within one year		1,760,844	1,249,548
Later than one year but within five years		5,875,852	6,824,892
		7,436,696	8,074,440

KHBR

		2019 Rupees	2018 Rupees
14	Revenue		
	Export of services	<u>142,253,105</u>	<u>119,287,443</u>
15	Direct cost		
	Salaries, wages and other benefits	15.1 90,457,852	82,995,048
	Outsourcing cost	2,622,392	2,768,028
	Rent, rates and taxes	2,429,937	1,846,284
	Entertainment	1,869,947	1,445,758
	Communication	1,182,205	1,167,059
	Utilities	1,073,258	755,289
	Oil and lubricants	135,789	224,055
	Ijarah rentals	832,864	-
	Repair and maintenance	616,160	630,297
	Depreciation	5 1,380,397	1,266,450
		<u>102,600,801</u>	<u>93,098,268</u>
15.1	Salaries, wages and other benefits include Rs. 2,429,167 (2018: Rs. 2,220,344) in respect contribution to employees' provident fund by the Company.		
16	Administrative and general expenses		
	Salaries, wages and other benefits	12,444,187	8,333,118
	Rent, rates and taxes	1,041,401	798,664
	Ijarah rentals	942,044	-
	Communication	506,659	500,168
	Utilities	459,967	323,695
	Oil and lubricants	58,195	96,023
	Entertainment	801,406	619,610
	Travelling and conveyance	1,910,422	865,748
	Repair and maintenance	981,569	1,055,584
	Printing and stationery	49,615	110,535
	Auditor's remuneration	16.2 86,250	86,250
	Legal and professional charges	260,250	676,600
	Fees and subscription	352,045	-
	Newspaper and periodicals	6,647	6,515
	Charity and donations	4,451,335	1,444,540
	Depreciation	5 591,598	542,764
	Miscellaneous expenses	760,882	939,770
		<u>25,704,472</u>	<u>16,399,594</u>
16.1	Salaries, wages and other benefits include Rs. 278,235 (2018: Rs. 199,485) in respect contribution to employees' provident fund by the Company.		
16.2	Auditors' remuneration		
	Audit services		
	Annual audit fee	78,750	78,750
	Out of pocket expenses	7,500	7,500
		<u>86,250</u>	<u>86,250</u>

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	Notes	2019 Rupees	2018 Rupees
17	Other income		
	Foreign exchange gain	2,200,132	779,481
18	Finance costs		
	Bank charges	70,941	129,905
19	Taxation		
	Current tax	-	-

No Provision for taxation has been made in these accounts as income of the Company from export of IT services or IT enabled services is exempt under clause 133 Part I of second schedule of the Income Tax Ordinance, 2001.

		2019	2018
20	Earnings per share		
	Basic		
	Profit attributable to ordinary shareholders	Rupees 16,077,023	10,439,157
	Weighted average number of ordinary shares	Numbers 10,000	10,000
	Earnings per share - basic	Rupees 1,608	1,044

Diluted

There is no dilutive effect on the basic earnings per share.

21 **Related Parties**

The related parties of the Companies are as follows:

Names of related parties	Relationship	Basis of relationship (percentage shareholding)
Muhammad Ahsan Naseem	Director / CEO	50%
Ali Naqi Shaheen	Director	50%

22 **Remuneration of chief executive, directors and executives**

	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
 Rupees					
Managerial remuneration	-	-	11,544,598	-	-	9,254,114
Bonus	-	-	1,086,370	-	-	-
Housing and utilities	-	-	6,376,229	-	-	5,113,763
	-	-	19,007,197	-	-	14,367,877
Number of persons	1	1	7	1	1	7

KHBR

23 **Basic financial instruments**

	Fair value through profit or loss		Amortized cost		Total	
	2019	2018	2019	2018	2019	2018
(Rupees)						
Financial assets						
Trade receivables - unsecured and co	-	-	13,276,114	10,449,816	13,276,114	10,449,816
Advances, deposits and prepayments	-	-	2,591,325	2,118,500	2,591,325	2,118,500
Cash and bank balances	-	-	27,717,294	15,672,488	27,717,294	15,672,488
	-	-	43,584,733	28,240,804	43,584,733	28,240,804
Financial liabilities						
Trade and other payables	-	-	8,322,128	9,450,341	8,322,128	9,450,341
	-	-	8,322,128	9,450,341	8,322,128	9,450,341

	2019 Number	2018 Number
24 Number of employees		
Total employees of the Company at the year end	88	83
Average employees of the Company during the year	86	76

25 **Corresponding figures**

Corresponding figures have been rearranged and reclassified, wherever considered necessary, however no major rearrangements take place during the year.

26 **Authorization for issue**

These financial statements were approved by the Company's Board of Directors and authorized for issue on 01 NOV 2021 *KH Baw*

Chief Executive
[Signature]

Director
[Signature]