

COEUS SOLUTIONS LIMITED

ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2021

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the annexed financial statements of **Coeus Solutions Limited ("the Company")**, which comprises statement of financial position as at June 30, 2021, 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, 2021 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.

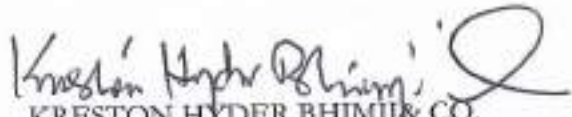
Report on Other Legal and Regulatory Requirements

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).

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

LAHORE: 06 OCT 2021


KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

COEUS SOLUTIONS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
Assets			
Non-current assets			
Property and equipment	4	15,078,318	12,736,876
Long term deposits	5	1,516,321	2,196,881
		16,594,639	14,933,757
Current assets			
Trade receivables	6	26,703,088	36,521,000
Advances, deposits and prepayments	7	36,588,112	3,993,249
Income tax refund due from Government	8	2,012,015	1,713,870
Cash and bank balances	9	38,222,952	14,423,428
		103,526,167	56,651,547
TOTAL ASSETS		120,120,806	71,585,304
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
Issued, subscribed and paid up capital	10	25,000,000	1,000,000
Revenue reserve			
Un-appropriated profit		76,608,704	61,741,247
		101,608,704	62,741,247
CURRENT LIABILITIES			
Trade and other payables	11	18,512,102	8,844,057
CONTINGENCIES AND COMMITMENTS			
	12		
TOTAL EQUITY AND LIABILITIES		120,120,806	71,585,304

The annexed notes from 1 to 29 form an integral part of these financial statements.

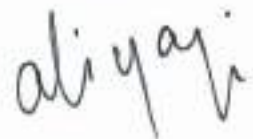
LAHORE:

CHIEF EXECUTIVE



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DIRECTOR



COEUS SOLUTIONS LIMITED
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
REVENUE	13	197,282,576	156,487,539
DIRECT COST	14	(125,440,997)	(110,778,152)
GROSS PROFIT		71,841,579	45,709,387
OPERATING EXPENSES			
Administrative and general expenses	15	(33,272,211)	(32,079,020)
Other expenses	16	(1,095,376)	-
		(34,367,587)	(32,079,020)
OPERATING PROFIT		37,473,992	13,630,367
OTHER INCOME	17	1,444,567	1,253,386
FINANCE COST	18	(51,102)	(77,807)
PROFIT BEFORE TAXATION		38,867,457	14,805,946
TAXATION	19	-	-
PROFIT AFTER TAXATION FOR THE YEAR		38,867,457	14,805,946
EARNINGS PER SHARE OF RS. 100 PER SHARE - BASIC AND DILUTED	20	1.55	0.59

The annexed notes from 1 to 29 form an integral part of these financial statements.

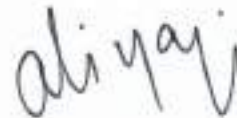
LAHORE:

CHIEF EXECUTIVE



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DIRECTOR



COEUS SOLUTIONS LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	<u>2021</u> <u>Rupees</u>	<u>2020</u> <u>Rupees</u>
PROFIT AFTER TAXATION FOR THE YEAR	38,867,457	14,805,946
Other comprehensive income:	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>38,867,457</u>	<u>14,805,946</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

LAHORE:

CHIEF EXECUTIVE

Muhammad Waqar

KIRB,

DIRECTOR

ali yaji

COEUS SOLUTIONS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2021

	Share capital	Revenue reserve	
	Issued, subscribed and paid up capital	Unappropriated profit	Total equity
	Ordinary shares		
 Rupees		
Balance at July 01, 2019	1,000,000	46,935,301	47,935,301
Profit for the year	-	14,805,946	14,805,946
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	14,805,946	14,805,946
Balance at June 30, 2020	1,000,000	61,741,247	62,741,247
Balance at July 01, 2020	1,000,000	61,741,247	62,741,247
Profit for the year	-	38,867,457	38,867,457
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	38,867,457	38,867,457
Transactions with owners of the Company			
2,400,000 bonus shares issued during the year as share capital	24,000,000	(24,000,000)	-
Balance at June 30, 2021	25,000,000	76,608,704	101,608,704

The annexed notes from 1 to 29 form an integral part of these financial statements.

LAHORE:

CHIEF EXECUTIVE


K. A. S.

DIRECTOR

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COEUS SOLUTIONS LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

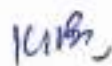
	Note	2021 Rupees	2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		38,867,457	14,805,946
Adjustments for non-cash income and expenses:			
Depreciation of property and equipment		3,398,557	2,889,895
Exchange gain		(1,444,587)	(1,253,386)
Finance costs		51,102	77,807
		<u>40,872,549</u>	<u>16,320,262</u>
Changes in working capital:			
Trade receivables		11,262,479	(21,991,500)
Advances, deposits and prepayments		(32,594,863)	(1,244,087)
Trade and other payables		9,668,045	521,929
		<u>29,208,210</u>	<u>(6,393,396)</u>
Cash generated from / (used in) operations		680,560	680,559
Movement in long term deposits - net		(298,145)	(325,924)
Income tax paid		(51,102)	(77,807)
Finance cost paid		<u>29,539,523</u>	<u>(6,116,568)</u>
Net cash generated from / (used in) operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for acquisition of property and equipment		(5,739,999)	(7,177,298)
Net cash outflow from investing activities		(5,739,999)	(7,177,298)
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash flow from financing activities		-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		23,799,524	(13,293,866)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		14,423,428	27,717,294
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9	<u>38,222,952</u>	<u>14,423,428</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

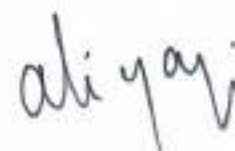
LAHORE:

CHIEF EXECUTIVE





DIRECTOR



COEUS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1 CORPORATE AND GENERAL INFORMATION

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). On May 31, 2021, it was converted into public limited company. 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.

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, 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

- Useful lives, residual values and depreciation method of property, plant and equipment - Note 3.1
- Impairment of trade receivables - Note 3.3
- Impairment of financial assets other than trade receivables - Note 3.4
- 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 recognized 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.

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).

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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 recognized 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 other than inventories

The assets that are subject to depreciation or amortization 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 recognized 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.

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 amortization, if no impairment loss had been recognized. The Company recognizes 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 recognized 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 recognized 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 realization 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 amortized 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 recognized on the basis of the effective interest method and is included in finance costs.

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Interest-free loan

In case the loan is interest-free or carries interest below the prevalent market rate, it is initially recognized 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 recognized 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.

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 statement of financial position.

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 recognized 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 of cash to be paid.

3.8 Income tax

Income tax comprises of current tax and deferred tax.

Income tax expense is recognized 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 recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and the carry forward 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 recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit

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, 2025 (i.e. tax year 2025).

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3.9 Provisions

Provisions are recognized 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 recognized 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 recognized at present value using a pre-tax discount rate. The unwinding of the discount is recognized 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 recognized 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 recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

3.10 Contingent liabilities and commitments

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. Capital commitments and contingencies, unless those are actual liabilities, are not incorporated in these financial statements.

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 Foreign currency transactions and translations

Foreign currency transactions are translated into Pakistan Rupees which is the Company's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees using the exchange rate at the reporting date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in statement of profit or loss. All non-monetary assets and liabilities are translated in Pakistan Rupees using the exchange rates prevailing on the date of transaction or at the date when the fair value was determined.

3.13 Ijarah contracts

The Company has entered into Ijarah contracts under which it obtains usufruct of an asset for an agreed period for an agreed consideration. The Ijarah contracts are undertaken in compliance with the Shariah essentials for such contracts prescribed by the State Bank of Pakistan. The Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, Company as a Musta'ir (lessee) in the Ijarah contract recognizes the Ujrah (lease) payments as an expense in the profit and loss on straight line basis over the Ijarah term.

3.14 Related party transactions

All transactions arising in the normal course of business and are conducted at arm's length at normal commercial rate on the same terms and conditions as third party transactions using valuation modes as admissible, except in rarely extreme circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa.

3.15 Staff retirement benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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Defined contribution plan

The company operates an unrecognized provident fund scheme for its employees. Equal monthly contributions by the company and employees at the rate of 5% of the basic salary are made to Employees' Provident Fund.

3.16 Share capital and reserves

Share capital represents the face value of shares that have been issued. Any transaction costs associated with the issuance of shares are deducted from share benefits, if any. Retained earnings include all current and prior period profits.

3.17 Dividend distribution

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit and as a liability in the Company's unconsolidated statement of financial position in the year in which the dividends are approved by the Board of Directors or the Company's shareholders as the case may be.

3.18 Earning per share (EPS)

Basic EPS 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 EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.19 Revenue recognition

Services

Revenue is measured at the fair value of the consideration received or receivable. The fair value of the consideration received or receivable takes into account the amount of any trade discounts, prompt settlement discounts and volume rebates allowed by the Company net off amounts collected on behalf of third parties such as sales taxes. Revenue from service transactions is recognized when the requirements as to performance are satisfied, provided that at the time of performance ultimate collection is reasonably assured. Performance is considered satisfied when services have been rendered to customers, persuasive evidence of an arrangement exists and the sellers' price to the buyer is fixed or determinable.

Other income

Other income, if any, is recognized on accrual basis.

M. K. S.

4 PROPERTY AND EQUIPMENT

Particulars	Cost			Rate	Depreciation		Written down value as at 30-Jun-21	
	As at 1-Jul-20	Additions	As at 30-Jun-21		As at 1-Jul-20	Charge for the year		As at 30-Jun-21
Furniture and fixtures	7,590,652	-	7,590,652	15%	4,271,430	497,883	4,769,313	2,821,339
Office equipment	2,352,600	735,225	3,087,825	15%	1,010,495	220,395	1,230,890	1,856,935
Computers	9,951,073	5,004,774	14,955,847	30%	5,457,089	2,143,044	7,600,133	7,355,714
Vehicles	4,827,000	-	4,827,000	15%	1,245,435	537,235	1,782,670	3,044,330
Rupees - 2021	24,721,325	5,739,999	30,461,324		11,984,449	3,398,557	15,383,006	15,078,318

Particulars	Cost			Rate	Depreciation		Written down value as at 30-Jun-20	
	As at 1-Jul-19	Additions	As at 30-Jun-20		As at 1-Jul-19	Charge for the year		As at 30-Jun-20
Furniture and fixtures	7,225,400	365,252	7,590,652	15%	3,709,982	561,448	4,271,430	3,319,222
Office equipment	1,942,100	410,500	2,352,600	15%	798,631	211,864	1,010,495	1,342,105
Computers	6,682,527	3,268,546	9,951,073	30%	3,896,106	1,580,983	5,457,089	4,493,984
Vehicles	1,694,000	3,133,000	4,827,000	15%	889,835	355,600	1,245,435	3,581,565
Rupees - 2020	17,544,027	7,177,298	24,721,325		9,284,554	2,689,895	11,984,449	12,736,876

4.1 Depreciation has been allocated as under:

	Notes	2021 Rupees	2020 Rupees
Direct cost	14	2,378,990	1,882,927
Administrative and general expenses	15	1,019,567	806,968
		<u>3,398,557</u>	<u>2,689,895</u>

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	Note	2021 (Rupees)	2020 (Rupees)
5 LONG TERM DEPOSITS - againstjarah facilities		<u>1,516,321</u>	<u>2,196,681</u>
6 TRADE RECEIVABLES - considered good		<u>26,703,088</u>	<u>38,521,000</u>
7 ADVANCES, DEPOSITS AND PREPAYMENTS - unsecured, considered good			
Due from Chief Executive / Director - unsecured	7.1	22,580,000	-
Advances to employees against salaries		14,035,092	3,853,687
Security deposits		27,700	27,700
Prepayments		25,320	111,662
		<u>36,588,112</u>	<u>3,933,249</u>

7.1 This represents current account with chief executive / director of the company. The ageing of this balance is as follows:

Related party	Year ended	Current	Part due 0-30 days	Part due 31-60 days	Part due 61-90 days	Part due 91-365 days	Part due 365 days	Total gross amount due
Rupees								
Muhammad Ihsan Koseem	June 30, 2021	22,580,000	-	-	-	-	-	22,580,000
	June 30, 2020	-	-	-	-	-	-	-

7.2 The maximum aggregate amount due from this related party at the end of any month during the year was same as on the reporting date.

		2021 (Rupees)	2020 (Rupees)
8 INCOME TAX REFUND DUE FROM GOVERNMENT			
Opening balance		1,713,670	1,367,946
Add: Paid / deducted during the year		298,145	325,924
		<u>2,012,015</u>	<u>1,713,870</u>
Less: Provision for the year	19	-	-
		<u>2,012,015</u>	<u>1,713,870</u>

	Note	2021 (Rupees)	2020 (Rupees)
9 CASH AND BANK BALANCES			
Cash in hand		541,715	13,692
Bank balances - current accounts		37,681,237	14,409,736
		<u>38,222,952</u>	<u>14,423,428</u>

	Note	2021 Rupees	2020 Rupees
10 SHARE CAPITAL			
Authorized share capital			
500,000,000 (2020: 10,000) ordinary shares of Rs. 1 (2020: Rs. 100) each		<u>500,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid up capital			
2021 Numbers			
2020 Numbers			
	Note	2021 Rupees	2020 Rupees
<u>25,000,000</u>			
<u>10,000</u>			
	10.1	<u>25,000,000</u>	<u>1,000,000</u>

10.1 Issued, subscribed and paid up capital

Description	2021 Rupees	2020 Rupees
Issued, subscribed and paid-up ordinary share capital as on June 30, 2020 (10,000 ordinary shares of Rs. 100 each)	1,000,000	1,000,000
Split 10,000 ordinary shares of Rs. 100 each into 100,000 ordinary shares of Rs. 10 each	-	-
2,400,000 shares of Rs 10 each issued as bonus shares	24,000,000	-
Split 2,500,000 ordinary shares of Rs. 10 each into 25,000,000 ordinary shares of Rs. 1 each	-	-
Issued, subscribed and paid-up ordinary share capital as on June 30, 2021 (25,000,000 ordinary shares of Rs. 1 each)	25,000,000	1,000,000

10.2 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.

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	Notes	2021 Rupees	2020 Rupees
11 TRADE AND OTHER PAYABLES			
Creditors		2,721,120	923,073
Accrued liabilities		13,472,071	7,748,476
Payable to provident fund	11.1	696,536	-
Withholding income tax payable		526,989	172,508
Workers' Welfare Fund		1,095,376	-
		<u>18,512,102</u>	<u>8,844,057</u>
11.1 Investments out of provident fund has been made in accordance with the provisions of section 218			
12 CONTINGENCIES AND COMMITMENTS			
Contingencies			
There are no material known contingencies outstanding against the company as at the reporting date (2020: nil).			
Commitments			
Company is committed to pay the following:			
Ijarah leases			
Within one year		1,614,898	1,760,844
Later than one year but within five years		1,980,228	3,915,008
		<u>3,595,116</u>	<u>5,675,852</u>
13 REVENUE			
Export of services		<u>197,282,576</u>	<u>196,487,539</u>
14 DIRECT COST			
Salaries, wages and other benefits	14.1	108,188,547	95,919,827
Outsourcing cost		4,186,244	3,914,736
Rent, rates and taxes		3,114,849	3,101,767
Entertainment		1,953,487	1,448,039
Communication		969,809	1,186,014
Utilities		1,046,856	1,004,085
Oil and lubricants		73,582	62,292
Ijarah rentals		1,290,112	1,317,200
Repair and maintenance		2,237,601	943,265
Depreciation	4	2,378,990	1,882,927
		<u>125,440,997</u>	<u>110,778,152</u>
14.1 Salaries, wages and other benefits include Rs. 3,391,387 (2020: Rs. 2,826,067) in respect contribution to employees'			
15 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, wages and other benefits	15.1	15,775,119	16,965,554
Rent, rates and taxes		1,334,935	1,329,329
Ijarah rentals		1,076,888	1,121,648
Communication		413,633	506,292
Utilities		448,653	430,322
Oil and lubricants		31,501	26,697
Entertainment		837,208	619,731
Travelling and conveyance		433,656	2,882,105
Repair and maintenance		879,149	936,293
Printing and stationery		42,515	30,422
Auditor's remuneration	15.2	209,000	86,250
Legal and professional charges		2,589,405	450,250
Fees and subscription		259,153	602,841
Newspaper and periodicals		5,800	6,300
Charity and donations		6,716,297	4,274,446
Depreciation	4	1,619,967	806,968
Miscellaneous expenses		1,215,732	799,572
		<u>33,272,211</u>	<u>32,079,020</u>
15.1 Salaries, wages and other benefits include Rs. 400,027 (2020: Rs. 404,510) in respect contribution to employees' provident fund by the Company.			

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	Notes	2021 Rupees	2020 Rupees
15.2 Auditors' remuneration			
Audit services			
Annual audit fee		93,000	78,750
Out of pocket expenses		10,000	7,500
		103,000	86,250
Tax advisory fee		100,000	-
		203,000	86,250
16 OTHER EXPENSES			
Workers' Welfare Fund		1,095,376	-
17 OTHER INCOME			
Foreign exchange gain		1,444,567	1,253,388
18 FINANCE COST			
Bank charges		51,102	77,807
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.

20 EARNINGS PER SHARE		2021	2020
Basic earnings per share			
Profit attributable to ordinary shareholders	(Rupees)	38,867,457	14,805,946
Weighted average number of ordinary shares outstanding during the year	(Numbers)	25,000,000	25,000,000
Earnings per share - basic	(Rupees)	1.55	0.59

20.1 Weighted-average number of ordinary shares (basic)

	2021 Numbers	2020 Numbers
Issued ordinary shares at July 01,	10,000	10,000
Ordinary shares split from Rs. 100 to Rs. 10 each	90,000	90,000
Effect of bonus shares	2,400,000	2,400,000
Effect of share split	22,500,000	22,500,000
Weighted-average number of ordinary shares as on June 30,	20.2 25,000,000	25,000,000

20.2 Opening shares are restated due to issuance of bonus shares and split of shares.

Diluted (loss) / earnings per share

Diluted earnings per share is same as basic earnings per share because the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

21 RELATED PARTIES

The related parties of the Companies are as follows:

Names of related parties	Relationship	Basis of relationship (percentage)
Muhammad Ahsan Nasseem	Director / CEO	49.9993%
Ali Noaj Shaheen	Director	50.0000%
Agga Ahsan	Director	0.0004%

22 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021			2020		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees					
Managerial remuneration	-	-	49,579,433	-	-	-
Provident fund	-	-	1,631,567	-	-	-
	-	-	51,211,000	-	-	-
Number of persons	1	1	22	1	1	-

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23 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2021 Rupees	2020 Rupees
Financial assets, measured at amortized cost			
Trade receivables - unsecured and considered good	6	25,703,088	36,521,000
Advances, deposits and prepayments	8	36,562,792	3,881,587
Cash and bank balances	9	38,222,952	14,423,428
		<u>101,488,832</u>	<u>54,826,015</u>
Financial liabilities, measured at amortized cost			
Trade and other payables	19	<u>16,889,727</u>	<u>8,671,549</u>

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors of the company "the Board" has overall responsibility for the establishment and oversight of the company's risk management framework. The Board is responsible for developing and monitoring the company's risk management policies.

The company's risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The company's Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company.

(a) Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from corporate clients i.e. tenants and investment in debt securities.

The carrying amount of financial assets represents the maximum credit exposure at the reporting date and is disclosed in note 23.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which the customer operates.

The risk management committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment terms are offered.

The Company limits its exposure to credit risk from trade receivables by establishing maximum payment period of 60 days for customers. The Company does not require collateral in respect of trade and other receivables.

The Company establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables.

At June 30, 2021, the ageing of trade and other receivables is as follow:

	2021 Rupees	2020 Rupees
Current	12,136,747	12,334,798
Over due		
0-30 days	14,566,341	12,263,555
31-60 days	-	11,922,647
	<u>14,566,341</u>	<u>24,186,202</u>
	<u>26,703,088</u>	<u>36,521,000</u>

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Based on past experience the management believes that no impairment allowance is necessary in respect of unimpaired trade receivables that are past due as most of receivables have been recovered subsequent to the year end and for the remaining receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

Cash and cash equivalents

The cash and cash equivalents are held with bank and financial institution counterparties, which are rated as described below, based on rating agencies' ratings. Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

Credit rating	2021 Rupees	2020 Rupees
A+	37,681,237	14,408,736

(b) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these.

The following are the remaining contractual maturities of financial liabilities at the reporting date.

Non- derivative financial instruments as at June 30, 2021

	Carrying amount	Contractual cashflows	Total	Up to one month	One month to three months	Three months to one year	One year to five years
				(Rupees)			
Trade and other payables	16,889,727	16,889,727	16,889,727	-	16,889,727	-	-

Non- derivative financial instruments as at June 30, 2020

	Carrying amount	Contractual cashflows	Total	Up to one month	One month to three months	Three months to one year	One year to five years
				(Rupees)			
Trade and other payables	8,671,549	8,671,549	8,671,549	-	8,671,549	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

(c) Market risk

Market risk is the risk that changes in market prices e.g. foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Yield / interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether they should enter into hedging alternatives. Currently, the Company is not exposed to other price risk.

Currency risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, and interest rate risk which result from both its operating and investing activities.

Foreign currency sensitivity

Most of the Company's transactions are carried out in Pakistani Rupees (Rs.). Exposures to currency exchange rates arise from the Company's overseas services, which are primarily denominated in EURO. Receivables exposed to foreign currency are not covered through any forward foreign exchange contracts or through hedging.

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	2021 (Foreign currency)	2020	2021 (Rupees)	2020
Trade receivables				
EURO	142,770	201,600	26,703,088	36,521,000
Sensitivity analysis:				
Increase in foreign currency exchange rate by 1%			267,031	365,210
Decrease in foreign currency exchange rate by 1%			(267,031)	(365,210)

Other market price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate 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. Currently, the Company is not exposed to other price risk.

25 CAPITAL RISK MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

26 NUMBER OF EMPLOYEES

Total employees of the Company at the year end
Average employees of the Company during the year

2021 Number	2020 Number
99	88
94	88

27 SUBSEQUENT EVENT

The Board of Directors in their meeting held on October 06, 2021 have proposed cash dividend of Rs. 3 per share (2020: nil) of Rs.1 each i.e.300% of the paid-up ordinary share capital in respect of year ended June 30, 2021. The financial statements for the year ended June 30, 2021 do not include the effect of these appropriations which will be accounted for in the period in which it is approved by shareholders.

28 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on 06 OCT 2021

29 GENERAL

Figures of the corresponding period have been re-arranged or reclassified where necessary for the purpose of comparison and better understanding. However, no material reclassification has been made in the corresponding figures during the year.

LAHORE :

CHIEF EXECUTIVE

DIRECTOR

Muhammad Naveem

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