

**Saudi Pak Leasing Company
Limited**

**Financial Statements
For the year ended
June 30, 2024**

Chairman's Review: Annual Report 2024

Dear Shareholders,

On behalf of the Board of Directors, I am honored to present the 34th Audited Financial Statements of Saudi Pak Leasing Company Limited, along with the Auditor's Report and the Directors' Report to the members for the financial year ending June 30, 2024.

Economic Challenges:

The financial year 2023-2024 mirrored the difficulties faced in the previous year, as Pakistan's economy continued to grapple with significant challenges. These included substantial federal budget deficits, rising prices of essential commodities, political instability following the general elections, and further monetary tightening. These factors collectively slowed the country's economic growth during the period under review.

Leadership Transition:

This year, our Company experienced a significant setback with the passing away of our esteemed CEO and Managing Director, Mr. Ahsanullah, on January 20, 2024. His untimely demise created a vacuum, and the Board swiftly appointed Mr. Muhammad Naeem Khan, a highly qualified and experienced banker, as a director in accordance with Section 176 of the Companies Act 2017, ensuring the continuity of the Company's operations.

Subsequently, the Board's structure was revised, with Mr. Niaz Ahmed Khan, the then Chairman of the Board, assumed the role of CEO and Managing Director and the undersigned assumed the charge of Chairman Board of Directors. This restructuring, along with the reorganization of the Board and its committees, was approved by the shareholders during the Extraordinary General Meeting (EOGM) on April 24, 2024.

Company's Performance:

Despite challenges, the Company remained resilient and, managed to reduce its liabilities and negative equity. By the grace of Almighty Allah and the unwavering efforts of the Board of Directors and management team, we successfully recovered Rs. 198 million from defaulters and settled liabilities amounting to Rs. 126 million owed to banks, Certificate of Investment (COI) holders, and Term Finance Certificate (TFC) holders. This enabled the Company to post a pre-tax profit of Rs. 128.930 million. While legal recovery processes remained slow due to their complexity, we continued to pursue out of court settlements on a case-to-case basis.

Strategic Shifts:

In a significant move for the future of our shareholders, the Board passed two key resolutions during the EOGM held on April 24, 2024, at Islamabad:

Resolution No. 1 : The Company's business focus will shift from leasing to consultancy services.

Resolution No 2 : The Company's name will be changed from "Saudi Pak Leasing Company Limited" to "Saudi Pak Consultancy Company Limited."

It is pertinent to mention that these changes will not affect our ongoing recovery process against defaulters under the Banking Recovery Act 2001. The purpose behind this shift is to avoid the SECP's show cause notice regarding the winding-up process and to transact to a license-free, multi-faceted consultancy business, both locally and internationally.

Looking Ahead

The Company will remain listed on the Pakistan Stock Exchange (PSX), with trading to resume once the SECP withdraws the liquidation notice and grants approval for the changes in the Company's name and business line. All necessary regulatory submissions have been made to the SECP, and we are confident that these approvals will be granted shortly.

The Company's focused recovery efforts have significantly reduced negative equity, allowing us to report a profit of Rs. 128.930 million for the financial year ending June 30, 2024, as compared to Rs. 14.58 million for the previous year.

Acknowledgments:

I am pleased to inform you that the Company's infrastructure and human resources are well-prepared to support its survival and revival, and we are ready to achieve new milestones once the SECP withdraws the liquidation notice. The management is making every effort to capitalize on recoveries and negotiate settlements with the Company's creditors and depositors.

On behalf of the Board of Directors, I extend my sincere gratitude to the Regulatory Authorities, particularly to the SECP and PSX, for their guidance and support during the Company's revival process.

I also acknowledge the understanding and patience of our creditors and depositors during these challenging times.

Finally, I commend the management, led by the CEO, for their relentless efforts in revitalizing the Company.



Syed Najum Hasnain Kazmi

Chairman

Karachi: September 19, 2024

NOTICE OF 34TH AGM OF SAUDI PAK LEASING COMPANY LIMITED

Notice is hereby given that the 34th Annual General Meeting (AGM) of Saudi Pak Leasing Company Limited will be held on Friday, 11th October, 2024 at 11 a.m. at Registered Office i.e. 6th Floor, Lakson Square Building No 1, Sarwar Shaheed Road, Saddar, Karachi to transact the following business for the respective year.

A. Ordinary Business:

1. To confirm the minutes of Extra ordinary General Meeting (EOGM) held on 24th April, 2024 at Islamabad.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2024 together with the Directors' and Auditors' reports thereon approved by Board of Directors.
3. To appoint M/s. UHY Hassan Naeem & Co, Chartered Accountants (UHY International Independent Member) as External Auditors for the year 2024-2025 and fix their remuneration as recommended by Board of Directors.
4. To transact any other business with the permission of the Chair.

By Order of the Board



Muhammad Imtiaz Ali
Company Secretary

Karachi. September 19, 2024.

Notes:

- i) The Share Transfer Books of the Company will remain closed from October 07th, 2024 to October 11th, 2024 (both days inclusive).
- ii) A member entitled to attend and vote at the Annual General Meeting may appoint another as a Proxy to attend and vote instead of him/her save that a company being a member of this Company may appoint as proxy or as its representative under Section 138 of the Companies Act., 2017, any person though not a member of the Company, and the person so appointed shall be entitled to exercise the same powers on behalf of the Company which he represents, as if he was an individual member of the Company.
- iii) Members and proxies shall produce his /her original CNIC or Passport at the time of the meeting.
- iv) Attested copies of CNIC or the Passport of the beneficial owners and of the proxy shall be furnished with the proxy form.

- v) In case of a corporate entity, the Board of Directors' resolution /power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted along with proxy form to the Company.
- Vii) The instrument appointing a proxy shall be lodged with the Company Secretary not less than 48 hours before the time fixed for the Meeting. The proxy form shall be witnessed by two persons whose names, address and CNIC number shall be mentioned on the form.
- Viii) A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
- ix) The Audited financial statements of the company for the year ended **June 30, 2024** have been made available on the Company's website.
- x) To meet the requirement of Section 72 of the Companies Act, 2017 the Shareholders having physical shareholding are encouraged to open CDC Sub-account with any of the brokers or Investment Account directly with CDC to place their physical shares into scrip less form as the trading of physical shares is not permitted as existing regulations of the Pakistan Stock Exchange (PSX).
- xi) Members are requested to promptly notify any change in their address and contact details to the Registrar of the Company (CDC) to update their record.
- xii) To facilitate remote participation/voting, we will be providing the Zoom video conference facility.
- xiii) Eligible Shareholders who are interested to participate via video link and have valid and registered E-mail address with the company's registrar (CDC) may do so by clicking the following link:

AGM (SPLC)

Friday, October 11 · 11:00 am – 12:00 noon

Time zone: Asia/Karachi

Google Meet joining info

Video call link: <https://meet.google.com/wgr-mitb-yye>

By clicking the link and entering the provided meeting ID by clicking the link and entering the provided meeting ID.

Directors' Report to the Shareholders.

The Directors of Saudi Pak Leasing Company Limited (SPLC) are pleased to present the 34 th Annual Report together with audited financial statements of the Company for the year ended June 30, 2024. <u>FINANCIAL INFORMATION</u>	(Rs. in millions)	
	2024	2023
The financial results of the Company are summarized below:		
Income from operating and financial leases	154.003	32.437
Other operating income	32.522	55.748
Financial Cost	(47,403)	(45.460)
Administrative and operating costs	(59.656)	(44.246)
Profit /(loss) before taxation	128.929	8.346
Profit (loss) after taxation	107.178	14.581

Country's Economy on Corporate Sector.

During fiscal year 2023-2024 Pakistan's economy remained depressed due to internal and external factors. Political uncertainty after new general elections and the high inflationary pressure, escalating monetary tightening and growing policy challenges resulting slow down in the country's economic growth during the period under review.

Other Factors

The company has been out of leasing business for over twelve (12) years mainly due to severe liquidity crunch. This has led to a situation where the Company has been managing its affairs out of funds generated through settlements and recovery of stuck up portfolio.

Due to lengthy and complex legal process, the pace of recoveries through courts is very slow. Therefore, the main factor for the present position of recovery the Company's is attributed to out of court settlements. Meanwhile the Company was able to settle liabilities of creditors (Banks), COI holder and TFC holders out of amount recovered from the defaulters, after getting substantial hair cut to the benefit of the company

Despite the slowdown of economic activities and deteriorating economic growth SPLC continued to maintain its survival and shown profitability and has been able to reduce its liabilities and negative equity. By the grace of Almighty Allah and tireless efforts of the Board of Directors and the entire management team we were able to recover Rs.198 millions from the defaulters and discharge liabilities of Rs.126 millions pertaining to Banks, COI holders and TFC holders. By discharge of these Liabilities Company earned a pre- tax Profit of Rs.128.929 million .This year SPLC has delivered its highest ever profit before tax 1445% increase over last year. Earnings per share has improved to Rs. 2.37. The Company is trying its level best to recover as much as possible from the non performing portfolio. Due to lengthy and complex legal process, the pace of recoveries through courts is slow.

Settlement negotiations with several defaulters are being dealt on case to case basis. Strictly in accordance to the right of policy in place, which is in line with SBP regulations and companies act.

Future Outlook

Future prospects of the Company heavily rely upon recoveries through court decrees/out of court settlements, besides new measures initiated by the Management and the Board of Directors under new business line, to avoid it's winding up.

Although SPLC is facing liquidity constraints since more than a decade. BOD and Management are fully confident to get rid of these restraints by striving hard for recoveries and settlement with creditors / depositors to clean the books and by capitalizing its drive for recovery of its NPLS as done in the current financial year ending June 30,2024.

Changing business line of the company will be prove a major step towards revival of the Company and the management are optimistic about bringing further improvement in the next year's results.

RISK MANAGEMENT

Risk is inherent in all spheres of company's activities. Overall responsibility for establishing the risk management framework rests with the Board of Directors, which is actively involved in review, approval and monitoring the Company's risk management policies and ensuring that an appropriately sound internal control system is in place to manage those risks. This oversight is implemented through independent internal audit reporting to the Audit Committee.

Dividend

On account of persistent liquidity crisis together with huge accumulated losses, the Board of Directors of Company did not recommend dividend this year also.

Corporate Governance

To develop highest standards of corporate governance that meet the requirements of the Code of Corporate Governance, the company has established sound and transparent corporate governance system. The Internal Auditor operationally report directly to the Board Audit Committee which in turn is headed by a Non-Executive Independent Director.

Directors' Declaration

1. The financial statements prepared by the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored and is being improved further.
6. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
7. The key information as to operating and financial data of the company is available in the annual report. The categories and pattern of shareholding as required by the Companies Act 2017 (Formerly Companies Ordinance 1984) are also included in the annual report.

8. No trading in shares of the Company was carried out by the Directors, Executives and their spouses and minor children during the year.
9. Due to present financial and liquidity position, the Company has been facing difficulties in fulfilling its financial obligations. The details of amounts overdue, if any, are disclosed in relevant notes to the financial statements.
10. During the year meetings of the Board of Directors were held on video link to save cost for approval the respective accounts for the relevant period, and transact the other routine and emergent business of the Company.

<u>Name of Directors</u>	<u>Designation</u>	<u>Number of meetings held during the year</u>	<u>Attended</u>
<u>Syed Najmul Hasnain Kazmi</u>	<u>Chairman</u>	<u>8</u>	<u>8</u>
<u>Mr. Muhammad Waqar</u>	<u>Director</u>	<u>8</u>	<u>8</u>
<u>Mr. Niaz Ahmed Khan</u>	<u>Director/ CEO</u>	<u>8</u>	<u>8</u>
<u>*Mr. Ahsan Ullah (late)</u>	<u>Director CEO</u>	<u>8</u>	<u>4</u>
<u>**Mr. Muhammad Naeem Khan</u>	<u>Director</u>	<u>8</u>	<u>3</u>

*Mr. Ahsanullah Director/CEO died on 20.01.2024.

**Mr. Muhammad Naeem Khan inducted as director against casual vacancy created due to death of Mr. Ahsanullah.

Audit Committee

The current Audit Committee comprised of 3 non - executive directors, viz. Syed Najmul Hasnain Kazmi, Mr. Muhammad Waqar and Mr. Muhammad Naeem Khan. During the year, four (4) meetings of the Audit Committee were held to approve the accounts and other important internal matters.

HR & Remuneration Committee

The Board has formed an HR & Remuneration Committee. It comprise of three members, Viz: Mr. Muhammad Naeem Khan (Chairman / Non-Executive Director), Syed Najmul Hasnain Kazmi (Independent / Non- Executive Director) and Mr. Niaz Ahmed Khan (Managing Director/ CEO). The HRR Committee held its four (4) meetings during the year.

External Auditors

M/s. UHY Hassan Naeem & Co, Chartered Accountants were appointed as auditors of the Company for the year 2024.

Pattern of Shareholding

- The pattern of shareholding as required under the Companies Act, 2017 and Clause (xvi) of the Code of Corporate Governance form part of this annual Report.
- Six Year s' Operating and Financial Data
- Six year financial performance and data of the Company are summarized and annexed to these financial Statements

Gender based Diversity

With 16% of women employees SPLC gender based diversity have been transformative, professional development of opportunities and our progressive working policies are uplifting the role of women in work force.

Director's training

All the directors have obtained certification from SECP approved directors training program.

Acknowledgement

On behalf of the board we would like to place on record our appreciation for our regulators SECP. In these challenging times they have stepped up with policies and measures that are prudent, proactive, balanced for the economy and safe guard of the borrowers and institutions. We are indebted to our shareholders who have provided steadfast support and we are also thankful to all our stakeholders. The board and management remain committed to maintaining the highest standards of governance and assure that we will work for the betterment of the company. Lastly but not the least, we express our deepest appreciation and gratitude for our management and staff for their dedication and hard work.

On behalf of the Board of Directors



Chief Executive Officer

September 19, 2024


Director

Annexure A
[see regulation 36(1)]

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of company: **Saudi Pak leasing Company limited**
Year ending: **30.06.2024**

The company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are 4 as per the following,-
 - a. Male: 4
 - b. Female: Nil

2. The composition of the Board is as follows:
 - i. Independent directors: 4
 - ii. Non-executive directors: 3
 - iii. Executive directors: 1
 - iv. Female directors: NIL

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board has arranged Directors' Training program for the following:
(All the four sitting Directors have attended Accredited Directors Training)

- i) Syed Najmul Hasnain Kazmi
- ii) Mr. Niaz Ahmed khan
- iii) Mr. Muhammad Waqar
- iv) Mr. Muhammad Naeem Khan

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below.-

a) Audit Committee:

- i) Mr. Muhammad Waqar Chairman
- ii) Syed Najmul Hasnain Kazmi.....Member
- iii) Mr. Muhammad Naeem Khan.....Member

b) HR and Remuneration Committee :

- i) Mr. Muhammad Naeem KhanChairman
- ii) Mr. Syed Najmul Hasnain Kazmi.....Member
- iii) Mr. Niaz Ahmed KhanMember

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following,-

a) Audit Committee: 4

b) HR and Remuneration Committee: 3

15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines

on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):



Signature
(Syed Najmul Hasnain Kazmi)
Chairman

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of M/s. Saudi Pak Leasing Company Limited

Review report on the statement of compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (here-in-after referred to as 'the Regulations'), prepared by the Board of Directors of **Saudi Pak Leasing Company Limited** (the Company) for the year ended 30 June 2024 in accordance with the requirements of the Regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Following instances of non-compliance with the requirement of the Regulations were observed which are not stated/ not appropriately stated in the Statement of Compliance:

Reference#	Description
2	The company is non-compliant with Regulation 7 regarding appointment of female director on board of directors.
1	The company is non-compliant with regulation 3 regarding minimum number of directors on board of listed company.
19	As per regulation 10(1), subject to the requirements of section 183 and 204 of the Act, the Board is responsible for adoption of corporate governance practices by the company and monitoring effectiveness of such practices and the members of the Board shall ensure high ethical standards in performing their responsibilities. However, the company is in non-compliance with certain requirements of Code of Corporate Governance other than regulation 6,8,27,32,33,36 of the Regulation and explanation is given.

Based on our review, except for the matters stated above nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2024.

Reference#	Description
19	There were no non-compliances stated in statement of compliance.

UHY Hassan Naeem & Co.

KARACHI

DATE: September 21, 2024

UDIN: CR202410215OdbzqpL2N

INDEPENDENT AUDITOR'S REPORT

To the members of SAUDI PAK LEASING COMPANY LIMITED

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of **Saudi Pak Leasing Company Limited** (the Company), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss. 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 purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters described in Basis for Adverse opinion section, the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit and other comprehensive Income, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

Going Concern Assumption is not appropriate

We draw attention to notes 1.1 and 1.2 to the financial statements which indicates that the Company's license to carry out the business of leasing has been cancelled, and which further indicated that the Company has earned after tax profit amounting 107.17 million (2023: Rs. 14.58 million net loss) and as of the date its accumulated losses amounted to Rs. 1.670 billion (2023: Rs 1.805 billion), its negative equity stood at Rs. 459.74 million (2023: Rs.568.434 million) and its current liabilities exceeded current assets by Rs. 576.81 million (June 2023: Rs. 686.085 million. Further, due to liquidity crisis, the Company was unable to meet its financial obligation of Rs. 638.945 million in principal and Rs. 526.016 million in accrued markup.

These conditions lead us to believe that the going concern assumption used in preparation of these financial statements is inappropriate, consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

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 adverse opinion.

Key Audit Matters:

Except for the matters described in the basis for adverse opinion section, we have determined key audit matters are those that, in our professional judgment were of most significance in our audit of financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinion on these matters.

Following are the Key Audit Matters

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Term Loans	
<p>As disclosed in note 6 of the accompanying financial statements, the company has short term loan and long-term loan amounting to 80.8 million and 100 million net off provision amounting to 75.8 million and 52.80 million respectively.</p> <p>We considered the recoverability of term loans as a Key Audit Matter due to judgement and materiality of term loan related to overall statement of financial position of the company.</p>	<p>Our procedure to verify the term loans included the following</p> <ol style="list-style-type: none"> 1. We sought external confirmations for the amounts that remain outstanding at year end and compare the replies against outstanding amount. Subsequent and correspondence checks have been performed where replies of confirmation were not received. 2. We have obtained understanding and evaluated the company's process for assessing provision against the outstanding amounts for term loans. 3. We have obtained the valuation reports for forced sale value determination, of the collaterals held with company against respective portfolio clients. 4. Assessed the relevant disclosures made in the financial statements to determine whether they are complied with Accounting and Reporting Standards as Applicable in Pakistan.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Finance Lease	
<p>As disclosed in note 11 of the accompanying financial statements, the company has net investment in lease</p>	<p>Our procedure to verify the net investment in finance lease included the following</p>

<p>against finance lease amounting to 1144.86 million net off provision amounting to 332.17 million.</p> <p>We considered the recoverability of receivable against finance lease as a Key Audit Matter due to judgement and materiality thereof, related to overall statement of financial position of the company.</p>	<p>5. We sought external confirmations for the amounts that remain outstanding at year end and compare the replies and correspondence against outstanding amount. Subsequent checks have been performed where replies of confirmation were not received.</p> <p>6. We have obtained understanding and evaluated the company's process for assessing provision against the outstanding amounts for lease portfolio.</p> <p>7. We have obtained the valuation reports for forced sale value determination, of the collaterals held with company against respective portfolio clients.</p> <p>Assessed the relevant disclosures made in the financial statements to determine whether they are complied with accounting and reporting standards as applicable in Pakistan.</p>
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Other Information:

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance 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.

However, 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 requirement 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 operation, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 entity'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 Entity'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 Entity 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 owner of the entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, We further report that in our opinion

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) because of the significance of matters described in Basis for Adverse Opinion section, the statement of financial position, the statement of profit or loss, Statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) however, the same 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 **Imran Iqbal**.

UHY Hassan Naeem & Co.


KARACHI

DATE: September 20, 2024

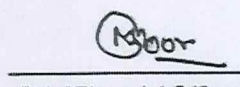
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SAUDI PAK LEASING COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024	2023
----- (Rupees) -----			
ASSETS			
Current assets			
Cash and bank balances	5	108,824,297	27,576,426
Short term loans	6	75,800,300	120,530,176
Short term investments	7	39,175,000	49,936,112
Trade deposits and short term prepayments		1,500,736	1,061,280
Other receivables	8	-	27,194,559
Taxation-net		7,352,333	3,354,569
Current maturity of non-current assets	9	384,889,439	464,280,605
		<u>617,542,105</u>	<u>693,933,727</u>
Non-current assets			
Long-term loans	10	-	-
Net investment in finance leases	11	-	-
Investment properties	12	36,624,691	38,043,307
Property, plant and equipment	13	80,444,629	79,607,042
		<u>117,069,320</u>	<u>117,650,349</u>
Total assets		<u>734,611,425</u>	<u>811,584,076</u>
LIABILITIES			
Current liabilities			
Borrowings from financial institutions	14	137,500,000	162,801,588
Certificates of investment		43,000,000	43,000,000
Accrued mark-up	15	526,016,420	557,461,484
Accrued expenses and other payables	16	5,973,152	7,455,769
Current maturity of non-current liabilities	17	458,445,648	607,638,797
Income tax payable		21,751,574	-
Unclaimed dividend		1,661,291	1,661,291
		<u>1,194,348,085</u>	<u>1,380,018,929</u>
Non-current liabilities			
Certificates of investment	18	-	-
Long term finances	19	-	-
Security deposits against finance leases	20	-	-
		<u>-</u>	<u>-</u>
Total liabilities		<u>1,175,411,610</u>	<u>1,380,018,929</u>
NET ASSETS		<u>(459,736,660)</u>	<u>(568,434,853)</u>
SHARE CAPITAL AND RESERVES			
<i>Authorized share capital</i>	21	<u>2,000,000,000</u>	<u>2,000,000,000</u>
<i>Issued, subscribed and paid-up share capital</i>	21	979,813,500	979,813,500
Capital reserves			
<i>Statutory reserves</i>			
Surplus on revaluation of property, plant and equipment - net of tax	22	179,549,025	179,549,025
Accumulated actuarial loss on defined benefit plan-net of tax		42,870,365	44,999,229
Unrealised gain on re-measurement of investment - FVTOCI		(999,666)	(999,666)
		8,477,962	32,854,773
		<u>229,897,686</u>	<u>256,403,361</u>
<i>Revenue reserves</i>			
Accumulated losses		(1,669,447,849)	(1,804,651,714)
Total shareholders' equity		<u>(459,736,663)</u>	<u>(568,434,853)</u>
Contingencies and commitments			
The annexed notes form an integral part of these financial statements.	23		


Chief Executive Officer


Director


Chief Financial Officer

SAUDI PAK LEASING COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
----- (Rupees) -----			
Revenue:			
- Finance leases	24	154,002,805	32,437,564
- Operating leases		-	-
		<u>154,002,805</u>	<u>32,437,564</u>
Administrative and operating expenses	25	(59,655,623)	(44,245,840)
		<u>94,347,182</u>	<u>(11,808,276)</u>
Reversal of provision for non-performing exposures	26	49,462,417	9,866,394
Operating Profit		<u>143,809,599</u>	<u>(1,941,882)</u>
Other operating income	27	32,522,390	55,747,840
Finance costs	28	(47,402,879)	(45,460,128)
Profit/(loss) before income tax, minimum tax differential and final tax		<u>128,929,110</u>	<u>8,345,830</u>
Final taxes - levy		(1,247,810)	-
Minimum tax - levy		(20,503,764)	-
		<u>(21,751,574)</u>	<u>-</u>
Profit/(loss) before income tax		<u>107,177,536</u>	<u>8,345,830</u>
Income Tax Expense	29	-	6,235,549
Profit/(loss) after income tax		<u><u>107,177,536</u></u>	<u><u>14,581,379</u></u>
Earnings / (loss) per share:	30		
- Basic		<u>2.37</u>	<u>0.32</u>
- Diluted		<u>1.09</u>	<u>0.15</u>

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


Chief Executive Officer


Director


Chief Financial Officer

SAUDI PAK LEASING COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

Note	2024	2023
	----- (Rupees) -----	
Profit/(loss) before income tax	107,177,536	14,581,379
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Surplus recognized on revaluation of office premises	-	-
Unrealised gain on re-measurement of investment at fair value through other comprehensive income	(2,465,064)	12,859,119
Deferred tax on the above surplus	-	
	(2,465,064)	12,859,119
Unrealised gain / (loss) on re-measurement of investment at fair value through other comprehensive income	-	-
	(2,465,064)	12,859,119
Total comprehensive income/ (loss) for the year	104,712,472	27,440,498

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



Chief Executive Officer



Director



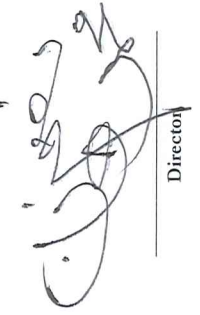
Chief Financial Officer

SAUDI PAK LEASING COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Issued, subscribed and paid-up share capital		Capital reserves				Revenue reserve	Total Equity
	Ordinary shares	Non-redeemable preference shares	Statutory reserves	Surplus on revaluation of property, plant and equipment - net	Accumulated actuarial gain / loss on defined benefit plan- net of tax	Unrealised gain on re-measurement of investment		
As at July 1, 2022	451,605,000	528,208,500	179,549,025	31,228,670	(999,666)	19,995,654	(1,821,135,601)	(611,548,418)
<i>Total comprehensive loss for the year ended June 30, 2022</i>	-	-	-	-	-	-	-	-
- Profit after taxation	-	-	-	-	-	-	14,581,379	14,581,379
- Other comprehensive income	-	-	-	-	-	-	14,581,379	14,581,379
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	(1,725,982)	-	-	1,902,508	176,526
Transfer to statutory reserves	-	-	-	15,496,541	-	12,859,119	-	28,355,660
Balance as at June 30, 2023	451,605,000	528,208,500	179,549,025	44,999,229	(999,666)	32,854,773	(1,804,651,714)	(568,434,853)
<i>Total comprehensive income for the year ended June 30, 2023</i>	-	-	-	-	-	-	(10,585,000)	(10,585,000)
- Profit after taxation	-	-	-	-	-	-	107,177,536	107,177,536
- Other comprehensive income	-	-	-	-	-	-	107,177,536	107,177,536
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	(2,128,864)	-	-	1,902,508	(226,356)
Transfer from surplus on revaluation of Investment	-	-	-	-	-	(36,708,821)	36,708,821	-
Transfer to statutory reserves	-	-	-	-	-	12,332,010	-	12,332,010
Balance as at June 30, 2024	451,605,000	528,208,500	179,549,025	42,870,365	(999,666)	8,477,962	(1,669,447,849)	(459,736,663)

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


Chief Executive Officer


Director

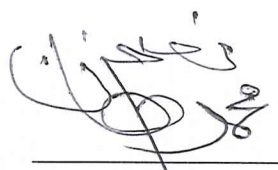

Chief Financial Officer

SAUDI PAK LEASING COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	31	22,576,088	(3,299,168)
Finance costs paid		(45,007)	(33,083)
Taxes paid		(24,248,803)	(2,198,048)
Finance lease rentals received		129,577,499	38,772,903
		105,283,689	36,541,772
Net cash used in operating activities		127,859,777	33,242,604
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(5,315,000)	(589,700)
Short term investments - net (including interest)		10,761,112	4,284,388
Proceeds from disposal of property, plant and equipment		57,400	-
Short term loans - net		66,150,000	18,280,835
Dividend received		8,318,731	7,104,493
Net cash generated from investing activities		79,972,243	29,080,016
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finances		(80,956,671)	(35,000,000)
Repayment of Term Finance Certificates		(1,627,478)	-
Repayment of certificates of investment		(44,000,000)	-
Net cash used in financing activities		(126,584,149)	(35,000,000)
Net decrease in cash and cash equivalents during the year		81,247,871	27,322,620
Cash and cash equivalents at beginning of the year		27,576,426	253,806
Cash and cash equivalents at end of the year	5	108,824,297	27,576,426

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


Chief Executive Officer


Director


Chief Financial Officer

SAUDI PAK LEASING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. LEGAL STATUS AND OPERATIONS

1.1 Saudi Pak Leasing Company Limited ('the Company') was incorporated in Pakistan on January 08, 1991 under the repealed Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 6th Floor, Lakson Square Building No.1, Sarwar Shaheed Road, Saddar, Karachi. The main business activity of the Company is leasing of assets. The Company's license to carry out the business of leasing was expired on May 18, 2010 and subsequently has been cancelled on June 30, 2021. The company has not been able to obtain renewal thereof from SECP as the legal requirements laid down in this respect could not be met by the company, despite all out efforts under force majeure circumstances.

M/s. Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the major shareholder which, as of June 30, 2024, **holding** 35.06% (2023: 35.06%) of issued ordinary share capital of the Company and 63% (2023: 63%) of issued preference share capital of the Company.

The Company also has its office at 337/338, 4th Floor, JEFF Heights, Main Boulevard, Gulberg-III, Lahore.

1.2 As of the reporting date, the Company is exposed to the following material uncertainties which apparently cast significant doubts on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its obligations in the normal course of business:

- As at June 30, 2024, the accumulated loss of the company stood at Rs. 1.670 billion (2023: Rs. 1.805 billion), its equity is negative and its current liabilities exceeded current assets by Rs. 576.805 million (2023: Rs.686.085 million). In a major development BOD , with the consent of major share holdres convened EOGM on 24.04.2024 and to avoide liquidation moved and passed two resolutions for change of line of business from Leasing to Consultancy Services , simultaneously change of name of the compnay from SAUDI PAK LEASING COMPANY LTD to SAUDI PAK CONSULTANCY COMPANY LTD. Sole purpose of this move is to avoid liquidation of the Company and to start trading of its shares at Pakistan Stock Exchange. Necessary formatiies for this purpose has been completed and submitted to SECP for permission to start consultancy business.
- As per order under reference SECP has already cancelled license to undertake leasing business w.e.f June 30, 2021 under section 282(J)(2) of the Companies Ordinance 1984 and the relevant department shall initiate proceedings of its winding up under section 282(J)(3) of the Companies Act 2017. The company has requested SECP on June 29, 2022 to review its decision and allow us time to revive the company. As per order under reference SECP has already cancelled license to undertake leasing business w.e.f June 30, 2021 under section 282(J)(2) of the Companies Ordinance 1984 and heraring agaist wind up notice has been held on 25.04.2024 at SECP Islamabad and it was attended by Chairman BOD, CEO/MD, Company Secreatary and CFO. During the hearing SECP was appraised by SPLC officials about the progress made during nine month ending 31.03.2024 and SECP hearing members were fully satisfied with the arguments presented by SPLC side. Meanwhile, SPLC submitted neccessary statuary forms for change of name and line of business of the company. Formal order for withdawal of liquidation notice is awaited. The credit rating of the Company has not been re-assessed since it was last downgraded as in June 2010.
- Previously, the Company had entered into various agreements with its lenders (including, financial institutions, TFC holders and holders of Certificates of Investment) for restructuring of its borrowing facilities with the objective of matching the expected recoveries from customers with its obligations to pay the lenders. However, the Company has defaulted in meeting its financial obligations. As of June 30, 2024, total outstanding principal and accrued markup payable to borrowers, COI's holders and TFC holders excluding security deposit offsettle against residual value on which defaults amounted to Rs. 657.88 million (2023: Rs. 813.44 million) and Rs. 477.38 million (2023: Rs. 607.638 million), respectively.

SAUDI PAK LEASING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

- Since 2010, the Company has not extended any lease facility to its customers owing to expiry of its leasing license. However, it continued its activities with a barely sufficient number of employees required for managing its recoveries from customers and for handing its financial obligations to lenders.
- Despite the existence of the foregoing material uncertainties, these financial statements have been prepared using the going concern assumption primarily due to the reason that a number of recovery suits filed by the Company against its customers are expected to be disposed off in due course of time as the management is actively seeking out-of-court settlement of such suits by way of auction of collateralized assets and / or negotiated settlements. A reasonable number of cases have been decreed in the favour of the Company. It is expected to materially improve the recoveries of overdue lease rentals and term loans from customers which, in turn, would enable the Company to settle its long outstanding financial liabilities to lenders in order to make the Company a feasible investment avenue for a resourceful investor.
- The Company submitted its rehabilitation plan duly approved by its Board of Directors to the SECP. The plan envisages revival of operation upon renewal of its license by the SECP based on MER of Rs. 50 million upon meeting the condition of final negotiated settlement of certain liabilities out of recoveries expected to be materialized during 2024-2025 besides negotiations underway with investors desirous of revival of the Company subject to approval of the competent authority.

1.3 For the reasons mentioned above, the Company has not been able to comply with most of the regulatory requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 including the following:

- Regulation 5(1) - aggregate liabilities, excluding contingent liabilities and security deposits, of an NBFC, shall not exceed ten times of equity (in case of operations beyond the first two years).
- Regulation 14(4)(f) - the deposits raised by the NBFC, from individual depositors including sole proprietorships shall not exceed three times of the equity of the NBFC.
- Regulation 17(1) - total outstanding exposure (fund and non-fund based) of an NBFC to a person shall not at any time exceed 20% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 15% of the NBFC's equity.
- Regulation 17(2) - total outstanding exposure (fund based and non-fund based) of an NBFC to any group shall not exceed 25% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 20% of the equity.
- Regulation 19(g) - an NBFC shall not hold shares on aggregate basis, whether as pledge, mortgagee or absolute owner, of an amount exceeding 20% of the paid-up share capital of that company or 20% of its own equity.
- As per NBFC Regulation 28(a), a leasing company undertaking the business of lease only, shall invest at least 70% of its assets in the business of leasing. As at 30 June 2023, the Company's investment in lease assets was 56% (2024: 59%) of the total assets.

SAUDI PAK LEASING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), provisions of and directives issued under the Companies Act, 2017, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and the directives issued by the SECP. In case requirements differ, provisions or directives of the Companies Act, 2017, NBFC Rules and NBFC Regulations and directives issued by the SECP shall prevail.

As mentioned in note 1.2 above, although the Company's license to carry out the business of leasing had expired on May 18, 2010, and subsequently cancelled on June 30, 2021 these financial statements have been prepared in accordance with the format generally followed for financial institutions and the provisioning requirements have been determined in accordance with the requirements of NBFC Regulations, 2008.

The requirements of International Financial Reporting Standard (IFRS-9) *Financial Instruments* relating to the assessment of impairment loss on non-performing assets have not been followed in the preparation of these financial statements based on a clarification received from the SECP specifying that the requirements of IFRS 9 should only be followed by leasing companies so far as it related to investments made by them. The State Bank of Pakistan has extended the date for implementation of IFRS-9.

The Company provides for impairment in the carrying value of its net investment in finance leases based on the requirements laid down in the NBFC Regulations, 2008.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for office premises which are stated at revalued amounts, investments carried at fair value through other comprehensive income.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency and has been rounded-off to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgements were made by the management in the application of accounting policies are discussed below:

SAUDI PAK LEASING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

- Future financial projections and going concern assumptions;
- Classification of investments and impairment thereon;
- Residual values and useful lives of property, plant, equipment and investment properties;
- Revaluation of property, plant and equipment;
- Recognition and measurement of current and deferred taxes;
- Valuation of defined benefit plan assets and liabilities;
- Measurement the present value of defined benefit obligation and the fair value of plan assets;
- Allowance for potential lease, loan losses and other receivables; and
- Classification of investment in leases

3. NEW ACCOUNTING PRONOUNCEMENTS

3.1 Change in accounting standards, interpretations and amendments to published approved accounting standards

a) Standards and amendments to approved accounting standards effective in current year

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.
- Amendments to IFRS 16 'Leases' is applicable on accounting periods beginning on or after June 1, 2020. Under IFRS 16, rent concessions often met the definition of a lease modification, unless they were envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before June 30, 2021. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors.

The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2020 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2020 and have not been early adopted by the Company:

- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. The amendment is not expected to have material impact on the Company's financial statements.

SAUDI PAK LEASING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

- Amendment to IAS 16 'Property, plant and Equipment' is applicable on accounting periods beginning on or after January 1, 2022. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments. The amendment not expected to have material impact on the Company's financial statements.
- Amendments to IAS 1 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period.
- Amendments to IAS 1, 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. The amendments includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
- Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' will be applicable on accounting periods beginning on or after January 1, 2023. The International Accounting Standards Board (the Board) has issued amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been applied consistently to all years presented.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand and balances with banks in current and saving accounts.

4.2 Financial assets

4.2.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

SAUDI PAK LEASING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

- (a) financial assets measured at amortized cost.
- (b) fair value through other comprehensive income (FVOCI);
- (c) fair value through profit or loss (FVTPL); and

(a) *Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) *Financial assets at FVOCI*

A financial asset is classified as at fair value through other comprehensive income when either:

- i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or
- ii) it is an investment in equity instrument which is designated as at fair value through OCI in accordance with the irrevocable election available to the Company at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) *Financial assets at fair value through profit or loss*

A debt instrument can be classified as a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

All equity instruments are to be classified as financial assets at fair value through profit or loss, except for those equity instruments for which the Company has elected to present value changes in other comprehensive income.

4.2.2 Subsequent measurement

(a) *Financial assets measured at amortized cost*

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in profit or loss.

(b) *Financial assets at FVOCI*

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS
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(c) *Financial assets at FVTPL*

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in profit or loss.

4.2.3 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

4.3 Leases

Net investment in finance leases

Leases where the Company transfers substantially all the risks and rewards incidental to ownership of an asset to the lessees are classified as finance leases. A receivable is recognized at an amount equal to the present value of the minimum lease payments, including any residual value, if any.

Operating leases

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating lease. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of leased asset and recognized over the lease term on the same basis as rental income.

Leased assets repossessed upon termination of leases

The Company repossesses leased assets in settlement of non-performing lease finance provided to customers. These are stated at lower of the original cost of the related asset, exposure to the Company or net realizable value of the asset repossessed. Gains or losses on repossession of such assets are taken to the statement of profit or loss.

4.4 Provision against non-performing exposures

The allowance for potential lease, loan losses and other receivables is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease and loan portfolio which can be reasonably anticipated. The adequacy of allowance is evaluated on the basis of Schedule-X and Schedule-XI of Regulation 25 of NBFC Regulations, 2008 .

4.5 Investment properties

Investment properties are accounted for under cost model and stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to profit or loss by applying the straight line at the rate varying from 2.22% to 5% per annum after taking into account residual value, if any. Depreciation on additions is charged from the date of addition till the date of disposal. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Gain or loss on sale of investment properties are charged to profit or loss in the period in which they arise.

4.6 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to profit or loss using the straight line method in accordance with the rates specified in note 12 to the financial statements. Amortization is charged when an asset is made available for use until the date the asset is disposed off. The residual values, useful life and amortization methods are reviewed at each reporting date and adjusted, if deemed appropriate.

Gain and losses on disposal of such assets, if any, are included in profit or loss.

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4.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any (except for office premises and operating lease assets which are stated at revalued amount less accumulated depreciation and impairment loss, if any).

Depreciation is charged to profit or loss applying the straight line method in accordance with the rates specified in note 14 to the financial statements whereby the cost / revalued amount of an asset is written-off over its estimated useful life. Depreciation on additions is charged from the date an asset is available for use till the date the asset is disposed off.

Any revaluation increase arising on the revaluation of property is recognised in other comprehensive income and presented as a separate component of equity except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of property is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation relating to a previous revaluation of that asset. The surplus on revaluation to the extent of incremental depreciation charged is transferred to unappropriated profits. The surplus realized on disposal of revalued fixed assets is credited directly to unappropriated profits.

Subsequent costs are included in an asset's carrying amount or are 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. All other expenses are charged to profit or loss during the financial period in which they are incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in the profit and loss account in the year the asset is derecognized, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to unappropriated profits.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value.

4.8 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

4.9 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4.10 Provisions and contingencies

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

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Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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.

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.

4.11 Revenue recognition

Finance lease income

The Company follows the effective interest method in accounting for the recognition of lease income. Under this method, the unearned lease income i.e. the excess of aggregate lease rentals and the estimated residual value over the cost of the leased assets is deferred and taken to income over the term of the lease, so as to produce a systematic return on the net investment in lease. Unrealised lease income pertaining to non-performing leases is held in suspense account, where necessary, in accordance with the requirements of the NBFC Regulations.

Processing, front-end and commitment fee and commission are recognized as income when such services are provided.

Gain on termination of lease contracts and late payment charges are recognized as income when realised.

Operating lease income

Rental income from assets given under operating leases is recognized on an accrual basis.

4.12 Staff retirement benefits - *Defined contribution plan*

The Company operates a provident fund scheme. Equal monthly contributions at a rate of 10 percent of basic salary for those contract employee who are eligible in terms of employment conditions approved by the Board.

Defined benefit plan

The Company operates a Defined benefit plan for those contract employees who are eligible in terms of their contract of employment duly approved by the Board. The eligibility is subject to the condition of completion of three consecutive years.

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4.13 Other income

Income on term loans

Income on term loans is recognized using effective yield on a time proportionate basis. However, income on non-performing loan receivables is recognized on receipt basis in accordance with the requirements of the NBFC Regulations, 2008.

Mark-up / return on investments

Mark-up income on debt securities is recognised on time proportion basis using the effective yield on instruments.

Dividend income

Dividend income from investments is recognised when the Company's right to receive dividend is established.

Interest income on bank deposits

Interest income on bank deposits is recognised on time proportion basis using the effective interest method.

4.14 Taxation

Income tax comprises current and deferred tax. Income tax expense is recognised in profit or loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case, it is recognised in equity or other comprehensive income.

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits, rebates and tax losses, or minimum tax, whichever is higher. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments, where considered necessary, relating to prior years.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that the sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements for the period in which the dividend is approved by the shareholders.

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		2024	2023
	Note	----- Rupees -----	
5. CASH AND BANK BALANCES			
Cash in hand		75,000	75,000
Balance with State Bank of Pakistan			
Current account - local currency		24,676	30,449
Balances with other banks:			
- in current account		-	-
- in saving accounts	5.1	108,724,621	27,470,977
		108,724,621	27,470,977
		108,824,297	27,576,426
5.1	These represent saving deposit accounts maintained with MCB Bank Limited carrying mark-up at the rate of 20.50 % (2023: 15.5%) per annum.		
6. SHORT TERM LOANS - secured			
Term loans to customers - Considered doubtful	6.1	80,800,300	146,950,300
Provision for non-performing loans	6.2	(5,000,000)	(26,420,124)
		75,800,300	120,530,176
6.1	These represent the balance receivable against short term loan facilities provided to customers. Since such loans are non-performing, markup accrual thereon has been suspended in accordance with the requirements of Regulation 25 and Schedule XI of the NBFC Regulations, 2008.		
6.2 Provision for non-performing loans			
Balance at beginning of the year		26,420,124	28,595,124
Charge for the year		-	-
Reversal during the year		(21,420,124)	(2,175,000)
		(21,420,124)	(2,175,000)
Write-offs against provision		-	-
Balance at end of the year	6.2.1	5,000,000	26,420,124
6.2.1	The above provision for non-performing loans is net of forced sales value (FSVs) of collaterals amounting to Rs. 75.800 million (2023: Rs. 120.530 million) considered by the Company for the purpose of determination of provisioning requirements.		
7. SHORT TERM INVESTMENTS			
Investments in shares - FVTOCI	7.1	32,054,783	36,512,504
Investments in government securities - Amortised Cost	7.2	7,120,217	13,423,608
		39,175,000	49,936,112

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7.1	Investments carried at fair value through other comprehensive income		2024	2023
		Note	----- Rupees -----	
	Ordinary shares of a listed company	7.1.1	32,054,783	36,512,504
	Membership cards of ACACIA Golf Club	7.1.2	-	-
			32,054,783	36,512,504

7.1.1 *Ordinary shares of a listed company*

2024	2023	Name of investee company	2024		2023	
			Cost	Market value	Cost	Market value
----- (Rupees) -----						
-	495	MCB Bank Limited	-	-	56,663	60,875
2,484,867	34,543,369	The United Insurance Co. of Pakistan Ltd.	23,601,819	32,054,783	-	-
2,484,867	34,543,864		23,601,819	32,054,783	56,663	60,875

The fair value of shares of SPI Insurance Company Limited was determined to be Rs. 10.21 per share by a professional valuer firm "Crowe Hussain Chaudhury & Co. Chartered Accountants". The SPI Insurance Limited has been merged with The United Insurance Limited (UIL). The SPI Insurance Limited after merger with United Insurance company has issued 3,547,367 shares out of total 5,242,220 as per mutually agreed ratio (1.33 shares of united insurance for every share of SPI). However remaining 1,694,853 shares are to be materialized at market price in due course. The company has claimed Rs. 16,609,559 from United Insurance Limited and taking legal action to recover amount from UIL as the claim has been refused by UIL. However on prudence base management has recorded provision against the amount receivable.

7.1.2 *Membership cards of ACACIA Golf Club*

2024	2023		2024		2023	
			Cost	Market value	Cost	Market value
----- (Rupees) -----						
57	57	Gross carrying amount of the investment	25,758,520	25,758,520	25,758,520	25,758,520
		Accumulated impairment	(25,758,520)	(25,758,520)	(25,758,520)	(25,758,520)
57	57		-	-	-	-

7.2 *Investment in T-bills carried at amortized cost*

This represents investment in Government Market Treasury Bill having maturity in August 2024 and carries effective mark-up at a rate of 20.69% (30 June 2023: 21.98%) per annum.

8. **OTHER RECEIVABLES**

		2024	2023
Receivable on termination of finance leases		65,913,380	65,913,380
Receivable on conversion of SPI shares into UNIC	7.1.1	16,609,559	16,609,559
Receivable from Ex-CEO	8.1	2,880,000	2,880,000
Receivables from against short term loan client		-	10,585,000
Others		3,093,901	3,101,369
		88,496,840	99,089,308
Provision against doubtful receivables	8.2	(88,496,840)	(71,894,749)
		-	27,194,559

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8.1 The ex. CEO of the Company completed his term of employment with the Company on June 02, 2017. He drew an amount from the Company towards full and final settlement which was later found to be in excess of his entitlement including accumulated provident fund balance amounting to Rs. 2.88 million. The Company filed a recovery suit against him for unlawful withdrawals which is currently proceeding in the District.

		2024	2023
	Note	Rupees	
8.2 Provision against doubtful receivables			
Balance at beginning of the year		71,894,749	71,894,749
Charge for the year		16,609,559	-
Reversal for the year		(7,468)	-
		16,602,091	-
Write-offs against provision		-	-
Balance at end of the year		88,496,840	71,894,749
9. CURRENT MATURITY OF NON - CURRENT ASSETS			
Current maturity of:			
- Long term loans	10	52,723,626	52,801,530
- Net investment in finance leases	11	351,102,288	411,479,075
		403,825,914	464,280,605
10. LONG TERM LOANS - secured			
Due from employees - considered good		244,642	222,546
Term loan to customers - considered doubtful	10.1	100,064,030	100,164,030
		100,308,672	100,386,576
Provision for non-performing loans	10.2	(47,585,046)	(47,585,046)
		52,723,626	52,801,530
Less: current maturity shown under current assets	9	(52,723,626)	(52,801,530)
		-	-
10.1 These represent the balance receivable against long term loan facilities provided to customers. Since such loans are non-performing, markup accrual thereon has been suspended in accordance with the requirements of Regulation 25 and Schedule XI of the NBFC Regulations, 2008.			
10.2 Provision for non-performing loans			
Balance at beginning of the year		47,585,046	48,403,446
Reversal made during the year - net	26	-	(818,400)
Balance at end of the year		47,585,046	47,585,046
10.2.1 Term loans due from customers are secured against property. The above provision for non-performing long term loans is net of forced sales value (FSVs) of collaterals of Rs. 53.642 million (2023: Rs. 52.801 million) considered by the Company for the purpose of determination of provision requirements.			

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NOTES TO THE FINANCIAL STATEMENTS
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		2024	2023
		-----	-----
		Rupees	
11.	NET INVESTMENT IN FINANCE LEASES -		
	Note		
	Non-performing exposure		
	Minimum lease payment receivables	1,054,600,061	1,184,177,560
	Residual value of leased assets	263,092,633	282,029,108
	Gross investment in leases	1,317,692,694	1,466,206,668
	Mark-up held in suspense	11.2 (172,834,677)	(213,993,096)
	Net investment in leases (before provision)	1,144,858,017	1,252,213,572
	Provision for non-performing leases	11.3 (812,692,204)	(840,565,198)
	Net investment in leases (after provision)	332,165,813	411,648,374
	Less: current maturity shown under current assets	(332,165,813)	(411,648,374)
		-	-
11.1	Certain lease rentals have been secured against hypothecated against long term finances obtained (refer note 19.1 and 19.3 to these financial statements).		
11.2	Mark-up held in suspense		
	Balance at the beginning of the year	213,993,096	219,969,250
	Suspended income:		
	- reversal during the year	26 (41,158,419)	(5,976,154)
	- Charge during the year	-	-
		(41,158,419)	(5,976,154)
	Balance at end of the year	172,834,677	213,993,096
11.3	Provision for non-performing leases		
	Balance as at beginning of the year	840,734,497	847,607,491
	Reversal for the year - net	28 (28,042,293)	(6,872,994)
	Charge for the year - net	-	-
	Balance at end of the year	11.4 812,692,204	840,734,497
11.3.1	The provision for non-performing lease losses is net of the forced sales value (FSVs) of leased assets / collaterals amounting to Rs. 332.17 million (2023: Rs.411.479 million) considered by the Company for the purpose of determining the provisioning requirement.		
11.4	Breakup of provision		
	Provision against residual value	19,433,760	19,433,760
	Provision against minimum lease payment	793,258,444	821,300,737
		812,692,204	840,734,497
11.5	Net residual value and security deposit		
	Residual value	263,092,633	282,029,108
	Provision against residual value	(19,433,760)	(19,433,760)
	Net residual value	243,658,873	262,595,348
	Security deposit against net residual value	(243,658,873)	(262,595,348)
		-	-

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12. INVESTMENT PROPERTIES	Bungalow (note 12.2)	Shops (note 12.3)	Total
	----- (Rupees) -----		
At June 30, 2023			
Cost	51,737,840	14,422,252	66,160,092
Accumulated depreciation	(15,696,269)	(5,614,820)	(21,311,089)
Accumulated impairment	-	(6,805,696)	(6,805,696)
	(15,696,269)	(12,420,516)	(28,116,785)
Net book value	36,041,571	2,001,736	38,043,307
<i>Movement during the year ended June 30, 2023</i>			
Opening net book value	36,041,571	2,001,736	38,043,307
Depreciation charge	(1,148,580)	(270,036)	(1,418,616)
Closing net book value	34,892,991	1,731,700	36,624,691
At June 30, 2024			
Cost	51,737,840	14,422,252	66,160,092
Accumulated depreciation	(16,844,849)	(5,884,856)	(22,729,705)
Accumulated impairment	-	(6,805,696)	(6,805,696)
	(16,844,849)	(12,690,552)	(29,535,401)
Net book value	34,892,991	1,731,700	36,624,691
Rate of depreciation	2.22%	5%	

12.1 The above real estate properties have been acquired by the Company in settlement of non-performing loans and lease receivables (i.e. repossessed properties).

12.2 Bungalow at DHA Phase VI

12.2.1 The bungalow was last revalued by M/s. Fairwater Properties Valuers & Surveyors (Private) Limited in December 2022. According to such valuation, the fair value and forced sale value of the bungalow, as on December 30, 2022 were assessed to be Rs. 173.520 million and Rs. 138.816 million, respectively.

12.2.2 The bungalow is in occupancy of a tenant who defaulted in payment after having paid three monthly rentals in the year 2009. The Company filed a recovery suit before the Additional Rent Controller in jurisdiction of Clifton Cantonment Board who passed ejectment order in 2012 against successive default in rent payments. The Additional Controller Rent then, on the Company's application passed an execution order in July 2013 to vacate the premises. The Judgment Debtor objected to execution and was granted injunction against the Decree Holder by the High Court on March 28, 2013 that was vacated by the High Court on January 12, 2017. The Additional Rent Controller then allowed the Execution Application and passed order dated Feb 2017 for ejectment. The JD has neither handed over possession nor made payment of any rent since the last ten years.

The tenant subsequently filed a suit in the High Court for declaration on specific performance, permanent injunction and damage on 12 October, 2020. The rent income due till June 30, 2024 amounting to Rs 33.992 millions (2023: Rs. 27.756 million), has not been recognised awaiting the outcome of the suit filed by the judgment debtor in the High Court.

12.3 Shops in Famous Mall - Lahore

The shops were last revalued by M/s. Surval (Private) Limited in December 2022. According to such valuation, the fair value and forced sales value of the shops, as on December 30, 2022, were assessed to be Rs. 4.095 million and Rs.3.276 million, respectively.

13. PROPERTY, PLANT AND EQUIPMENT

2024

	Cost / Revaluation			Accumulated depreciation			Accumulated impairment			Written down value		Rate %		
	As at July 01, 2023	Additions	Effect of revaluation	Disposals	As at June 30, 2024	As at July 01, 2023	Charge for the year	Effect of revaluation	Reversal on disposal	As at June 30, 2024	As at July 01, 2023		Charge for the year	As at June 30, 2024
Owned assets														
Building improvements	4,226,371	-	-	-	4,226,371	3,816,347	138,087	-	-	3,954,434	-	-	271,937	20%
Office premises (refer note 14.2.1)	86,752,114	-	-	-	86,752,114	9,161,536	3,487,116	-	-	12,648,652	-	-	74,103,462	5%
Furniture, fixtures and fittings	5,983,992	-	-	-	5,983,992	5,983,992	-	-	-	5,983,992	-	-	-	20%
Vehicles	263,600	5,033,500	-	-	5,297,100	95,185	289,710	-	-	384,895	-	-	4,912,205	20%
Office equipment	28,287,683	281,500	-	(103,632)	28,465,551	26,849,658	562,500	-	(103,632)	27,308,526	-	-	1,157,025	20%
	125,513,760	5,315,000	-	(103,632.00)	130,725,128	45,906,718	4,477,413	-	(103,632)	50,280,499	-	-	80,444,629	
Operating lease assets														
Generators	5,448,012	-	-	-	5,448,012	5,448,012	-	-	-	5,448,012	-	-	-	20%
	5,448,012	-	-	-	5,448,012	5,448,012	-	-	-	5,448,012	-	-	-	
	130,961,772	5,315,000	-	(103,632)	136,173,140	51,354,730	4,477,413	-	(103,632)	55,728,511	-	-	80,444,629	

2023

	Cost / Revaluation			Accumulated depreciation			Accumulated impairment			Written down value		Rate %		
	As at July 01, 2022	Additions	Effect of revaluation	Disposals	As at June 30, 2023	As at July 01, 2022	Charge for the year	Effect of revaluation	Reversal on disposal	As at June 30, 2023	As at July 01, 2021		Charge for the year	As at June 30, 2022
Owned assets														
Building improvements	4,226,371	-	-	-	4,226,371	3,678,263	138,084	-	-	3,816,347	-	-	410,024	20%
Office premises (refer note 14.2.1)	64,926,000	-	21,826,114	-	86,752,114	6,183,422	2,978,114	-	-	9,161,536	-	-	77,590,578	5%
Furniture, fixtures and fittings	5,983,992	-	-	-	5,983,992	5,983,992	-	-	-	5,983,992	-	-	-	20%
Vehicles	136,600	127,000	-	-	263,600	62,190	32,995	-	-	95,185	-	-	168,415	20%
Office equipment	27,824,983	462,700	-	-	28,287,683	26,397,500	452,158	-	-	26,849,658	-	-	1,438,025	20%
	103,097,946	589,700	21,826,114	-	125,513,760	42,305,367	3,601,351	-	-	45,906,718	-	-	79,607,042	
Operating lease assets														
Generators	5,448,012	-	-	-	5,448,012	5,067,647	380,365	-	-	5,448,012	-	-	-	20%
	108,545,958	589,700	21,826,114	-	130,961,772	47,373,014	3,981,716	-	-	51,354,730	-	-	79,607,042	

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13.1 Particulars of the immovable property

Following are the details of the immovable property (i.e. office premises):

Address of the property	Use of the property	Total area (in sq.ft)	Covered area (in sq.ft)
6th Floor, Lakson Square Building No.1, Sarwar Shaheed Road, Saddar, Karachi	As Head Office	9,604	9,604

13.2 Valuation of the assets

13.2.1 M/s. Fairwater Property Valuer and Surveyor (Private) Limited in December 2022. According to this report market value is Rs.79.332 millions and FSV is Rs.67.432 millions.

13.2.2 Had there been no revaluation, the carrying amounts of the revalued assets would have been as follows:

	2024				Restated-2023			
	Cost	Accumulated depreciation	Accumulated impairment	Written down value	Cost	Accumulated depreciation	Accumulated impairment	Written down value
	(Rupees)							
Office premises	28,548,042	15,073,141	-	13,474,901	28,548,042	14,439,374	-	14,108,668
Plant and machinery	-	-	-	-	-	-	-	-
Generators	3,804,000	3,804,000	-	-	3,804,000	3,804,000	-	-

2024	2023
----- Rupees -----	

14. BORROWINGS FROM FINANCIAL INSTITUTIONS

Letter of placements - unsecured

	Note	2024	2023
National Bank of Pakistan	14.1	77,500,000	77,500,000
Innovative Investment Bank Limited	14.2	60,000,000	60,000,000
Meezan Bank Limited	14.3	-	25,301,588
		137,500,000	162,801,588

14.1 This represents finance of Rs. 77.50 million obtained from National Bank of Pakistan on April 01, 2010 through a letter of placement carrying mark-up at a rate of 11.20% per annum for a period of 14 days. Subsequently, the facility was rolled several times up to the total period of 140 days which expired on August 19, 2010. Till to-date, no repayments have made by the Company in respect of this finance. As of June 30, 2024, the Company has accrued a mark-up in this finance amounting to Rs. 108.583 million (2023: Rs. 108.583 million).

14.2 This represents finance of Rs. 63 million obtained from Innovative Investment Bank Limited on December 03, 2010 through a letter of placement carrying mark-up at a rate of 8% per annum for a period of 90 days. Due to financial difficulties faced by the Company, this facility was rolled over for a further period of 184 days on March 14, 2011. Since the disbursement of the facility, the Company made an aggregate principal repayment of Rs. 3 million. As of 30 June 2024, the Company has accrued a mark-up on this finance amounting to Rs. 60.458 million (2023: Rs. 59.248 million).

14.3 This represents finance of Rs. 150 million obtained from Meezan Bank Limited (MEBL) on September 20, 2008, under Murabaha arrangement at a rate of 12% per annum. On various dates between September 2008 and June 2024, the Company made principal repayments of amount borrowed and settled the outstanding obligation towards Meezan Bank Limited.

		2024	2023
15. ACCRUED MARK-UP	<i>Note</i>	----- Rupees -----	
<i>Mark-up on:</i>			
- certificates of investment		77,502,305	121,731,659
- long term finances		26,737,222	50,791,384
- term finance certificates		252,874,705	216,036,253
- short term borrowings from financial institutions		168,902,188	168,902,188
		<u>526,016,420</u>	<u>557,461,484</u>
16. ACCRUED EXPENSES AND OTHER PAYABLES			
Accrued expenses		4,224,701	5,702,423
Tax deducted at source		1,251,873	1,374,806
Others		496,578	378,540
		<u>5,973,152</u>	<u>7,455,769</u>
17. CURRENT MATURITY OF NON- CURRENT LIABILITIES			
Current maturity of:			
- Certificates of investment	18	1,249,000	50,549,000
- Long term finances	19	213,537,776	294,494,447
- Security deposits against finance leases	20	243,658,876	262,595,351
		<u>458,445,651</u>	<u>607,638,797</u>
18. CERTIFICATE OF INVESTMENT - unsecured			
Long term certificates of investment		1,249,000	50,549,000
Current maturity of certificates of investment	17	(1,249,000)	(50,549,000)
		<u>-</u>	<u>-</u>
18.1	These certificates of investment are for periods ranging from 1 year to 5 years and interest rates thereon range from 7% to 11.5% (2023: 7% to 11.5%) per annum.		
18.2	During the year ending June 30, 2024 certificate of investment of Al-ghazi Tractors is settled fully at Rs. 44 million.		

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19.	LONG TERM FINANCES	Note	2024	2023
			----- Rupees -----	
	Long term finances - secured	19.1	12,500,000	87,561,505
	Long term finances - unsecured		5,703,696	5,703,696
		19.2	18,203,696	93,265,201
	Term finance certificates - secured	19.3	195,334,080	201,229,246
			213,537,776	294,494,447
	Current maturity of long term finances	17	(213,537,776)	(294,494,447)
			-	-

19.1 The above are secured by way of hypothecation of specific leased assets and associated lease rentals. These facilities were utilized mainly for lease financing activities.

19.2	Long term finances	Tenure		Markup	Note	Principal outstanding	
		From	To			2024	2023
	Secured					----- (Rupees) -----	
	National Bank of Pakistan	Mar-05	Mar-10	6 month KIBOR + 1.5% (payable semi annually)	19.2.1	12,500,000	12,500,000
	First Women Bank Limited	Dec-08	Dec-12	Fixed at 12% (payable monthly)	19.2.2	-	75,061,505
	Un secured						
	Silk Bank Limited	Sep-12	Mar-17	6 month KIBOR + 2% (payable semi annually)	19.2.4	5,703,696	5,703,696
						18,203,696	93,265,201

19.2.1 This represents a finance of Rs. 100 million obtained from M/s. National Bank of Pakistan on March 17, 2005 (mainly for lease financing activities). As per the agreement, loan was payable in semi-annual instalments of Rs. 12.5 million each from September 17, 2005 to March 17, 2009. However, subsequently, the loan was restructured whereby the maturity date of the loan was extended to March 2010. Up to June 30, 2017, all instalments were paid except for the last instalment due on March 17, 2009 which is yet outstanding. As per the revised agreement, the finance carries mark-up at the rate of 6-month KIBOR + 1.5% payable semi-annually. As of June 30, 2024, the Company had accrued mark amounting to Rs. 18.218 million (2023: Rs. 17.796 million).

19.2.2 This represents a finance of Rs. 150 million obtained from M/s. First Women Bank Limited (FWBL) through a Letter of Placement dated October 06, 2008 having a tenor of 1 day. Subsequently, the finance was rolled over several times during the period from October 07, 2008 to December 18, 2008. During this period, the Company managed to partially repay the principal and markup amount. Afterwards, the finance was restructured by way of a settlement agreement dated December 31, 2008 whereby the entire principal was converted into 12-month Money Market Finance facility on markup basis. Since the Company failed to make repayment as per agreed terms, the finance was, once again, restructured by way of a settlement agreement dated March 01, 2010. As per the revised rescheduled terms, the entire principal was payable in unequal monthly instalments up to December 31, 2012. The Company paid the instalments up to December 31, 2010 since when no further repayments have been made. Further, as per the revised agreement, the finance carries mark-up at 12% per annum payable monthly. As of June 30, 2023, the Company had accrued mark-up amounting to Rs. 24.054 million (2022: Rs. 24.054 million). In the FY 2023-24 entire principal amount of FWBL has been paid by way of out of court settlement and outstanding markup Rs.24.054 has been waived and charged to P& L account. As on June 30, 2024 nothing is outstanding in FWBL account.

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19.2.3 This represents a finance of Rs. 15.7 million obtained from M/s. Silk Bank Limited (SBL) on April 27, 2009 against issuance of irrevocable letter of comfort for opening a letter of credit in favour of Uni-Link International. Up to March 31, 2011, the Company could repay Rs. 4 million and defaulted thereafter. Hence, on September 12, 2012, a settlement agreement was entered into with SBL whereby the finance was restructured and the outstanding loan was agreed to be settled as follows:

- Down payment of Rs. 0.707 million; and
- 54 monthly instalments of Rs. 0.204 million each.

Up to November 2014, the Company repaid 26 monthly installments of Rs. 0.204 million each and defaulted thereafter. As of June 30, 2023, the Company had accrued markup amounting to Rs. 8.520 million (2023: Rs. 8.319 million).

19.3 Term finance certificates - secured

19.3.1 This represents the third issue of registered and listed term finance certificates (TFCs) issued by the Company to banking companies and financial institutions, trusts and general public. These were secured by way of a first exclusive charge on specific leases including lease rentals with 25% margin available at all times to the TFCs holders on total outstanding amount of the issue. The total issue comprises of 150,000 certificates of Rs. 5,000 each.

The issue was first restructured by way of "Supplemental Declaration of Trust" dated October 05, 2010 and was further restructured by way of "Second Supplemental Declaration of Trust" effective dated April 30, 2012. To make the second proposed restructuring terms of Supplemental Declaration of Trust effective, an extra ordinary resolution was passed by at least by 75% of the aggregate amount outstanding to TFC holders. The trustee obtained necessary approval of TFC holders. The revised terms and conditions of the issue after rescheduling are as follows:

Principal redemption

The principal redemption of TFCs is structured to be in 63 un-equal monthly instalments starting from January 01, 2012 as follows:

- Rs. 3 million per month starting from January 2012 to December 2012;
- Rs. 4 million per month starting from January 2013 to December 2013;
- Rs. 6 million per month starting from January 2014 to December 2014;
- Rs. 13 million per month starting from January 2015 to February 2017; and
- Rs. 21.3 million in March 2017

Mark-up on payment

- The issue carries markup at 6% per annum for the first 36 months (i.e from January 01, 2012 to December 13, 2014) and one-month KIBOR for the remaining 27 months (i.e. from January 01, 2015 to March 01, 2017);
- Mark-up accrued on TFCs up to December 2011, amounting to Rs. 25.368 million, to be repaid in 3 equal instalments falling due in December 2014, December 2015 and December 2016; and
- Mark-up payments on TFCs for first 24 months (i.e from January 01, 2012 to December 13, 2014) to be deferred till December 31, 2013 and to be repaid thereafter on a monthly basis (starting from the 25th month till the maturity of the TFCs).

20. LONG TERM SECURITY DEPOSITS

AGAINST FINANCE LEASES

Security deposits against finance leases
 Current maturity of deposits against

Note

20.1

2024	2023
----- Rupees -----	-----
243,658,876	262,595,351
(243,658,876)	(262,595,351)
-	-

20.1 This represents security deposits received from lessees under lease contracts and are adjustable on expiry of the respective lease periods.

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21. SHARE CAPITAL

AUTHORISED SHARE CAPITAL

2024	2023	Note	2024	2023
----- (Number of shares) -----				
<u>100,000,000</u>	<u>100,000,000</u>		<u>1,000,000,000</u>	<u>1,000,000,000</u>
<u>100,000,000</u>	<u>100,000,000</u>		<u>1,000,000,000</u>	<u>1,000,000,000</u>

ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2024	2023		2024	2023
----- (Number of shares) -----				
25,180,000	25,180,000	Ordinary shares for cash of Rs. 10 each	251,800,000	251,800,000
19,980,500	19,980,500	Bonus Issued for other than cash Ordinary shares of Rs. 10 each	199,805,000	199,805,000
<u>45,160,500</u>	<u>45,160,500</u>	Non-cumulative preference shares <i>other than cash</i> Non-cumulative and non-voting, convertible unlisted fully paid preference shares of Rs. 10 each	<u>451,605,000</u>	<u>451,605,000</u>
<u>52,820,850</u>	<u>52,820,850</u>		<u>528,208,500</u>	<u>528,208,500</u>

21.1 As of June 30, 2024, M/s. Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) held 35.06% (2023: 35.06%) of the issued, subscribed and paid-up ordinary share capital of the Company and 63% (2023: 63%) of the issued preference share capital of the Company.

21.2 The shareholders of the Company, through a special resolution passed in Extra Ordinary General Meeting, held on July 11, 2012, approved the decision of the Board of Directors to convert the sub-ordinated debt from SAPICO and loan from M/s. Bank of Khyber into non-voting, non-cumulative, convertible unlisted preference shares at Rs. 10 each. The Securities and Exchange Commission of Pakistan (SECP) vide its letter number SC/NBFC/23/SPLCL/2013/58 dated February 13, 2013, also approved the conversion.

In June, 2013, the Company issued non-redeemable / convertible preference shares of Rs. 10 each aggregating to Rs. 528.209 million against the conversion of debt. These are non-cumulative, non-redeemable convertible preference shares carrying dividend at 2.5% per annum annually at the end of each completed year on the face value of Rs.10 per preference share. The preference shareholders are only entitled to receive preferential dividend and are not entitled to right shares and bonus shares to which the holders of ordinary shares may be entitled. These shares are convertible into ordinary shares at the option of preference shareholders at any time from the date of issue of preference shares. The dividend is payable annually at the end of each completed year subject to availability of profit for the year.

21.3 There are no agreements among shareholders with respect to voting rights, board selection, rights of first refusal and block voting.

21.4 Capital management policies and procedures

Amendment to Schedule I to Regulation 4 made vide SRO 1160 (1) / 2015 dated November 25, 2015 maintained MER for existing NBFCs at Rs. 750 million and relaxation of MER for non-deposit taking NBFCs for leasing etc. at Rs. 50 million. The Company intends to exercise the low MER requirement option once it has settled liability owed to its depositors. Hence, at the year end, the company is non compliant with the MER requirement laid down by the SECP (also see note 1.2).

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22. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net	2024	2023
	-----Rupees-----	
On office premises, plant and machinery and generators		
<i>Gross surplus</i>		
As at beginning of the year	63,379,194	43,984,040
Effect of revaluation carried out during the year	-	21,826,114
	<u>63,379,194</u>	<u>65,810,154</u>
Incremental depreciation transferred to unappropriated loss	(2,998,400)	(2,430,960)
	<u>60,380,794</u>	<u>63,379,194</u>
 <i>Related deferred tax charge</i>		
As at beginning of the year	(18,379,965)	(12,755,370)
Effect of revaluation carried out during the year	-	(6,329,573)
Incremental depreciation transferred to unappropriated loss	869,536	704,978
	<u>(17,510,429)</u>	<u>(18,379,965)</u>
	<u>42,870,365</u>	<u>44,999,229</u>

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 The Company is defending various counter suits filed against it by defaulting customers against whom recovery suits were filed by it between the year 2009 to 2021. The counter suits are mainly for rendition of accounts and damages and or injunction against the company. These suits are proceeding in the High Court or Banking Court and, in the opinion of the legal counsel, the Company is not likely to suffer any loss or liability on account of these counter suits. The amount claimed in these counter suits as of 30th June 2024 amounted to Rs.178.904 million (2023: 178.904 million).

23.1.2 The Company has been issued with a notice under section 14 of the Federal Excise Act, 2005. In the notice, it has been alleged that the Company has not paid Federal Excise Duty (FED) in terms of section 3 (read with Entry 8 of Table-II of the First Schedule) to the Federal Excise Act, 2005 for the financial years 2007-08, 2008-09 and 2009-10 on services provided including both funded and non-funded services. Accordingly, Rs. 126.205 million has been alleged to be recoverable. The above amount of FED has been imposed on all the incomes of the Company for the said three years including mark-up income earned on finance lease contracts.

According to the Company's tax advisor, FED is applicable in respect of document fee, front end fee and syndicate lease income. These represent services rendered by leasing companies in respect of finance lease which are funded services. However, these services for the periods 2007-08 and 2008-09 are not chargeable to FED because of the reason that, for those years, FED was chargeable on services which were non-funded. However, for the period 2009-10, due to amendment in Entry 8, the said services are chargeable to FED as provisions of the Federal Excise Act, 2005.

23.1.3 The Company filed an appeal before the Commissioner Inland Revenue (Appeals) CIR (A) against the said order. The CIR(A) vide through Appellate Order no 97 of 2012 dated April 30, 2012 constituted that the duty so charged is legally and constitutionally valid under the Federal Excise Act, 2005. However, it also mentioned that the notice issued is barred by time for the period from July 2007 to September 2008 and, accordingly, deleted the levy of FED for the said tax period. Accordingly, the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the above CIR(A) order which decided the case in favour of the Company.

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In 2014, a reference application was filed by CIR Zone-I against the Company in High Court which is pending for adjudication. In the opinion of legal counsel of the Company, there is no likelihood of any outcome adverse to the Company's interest. The Company, hence, has not recognized any provision against the above notice.

23.2 Commitments

As of the reporting date, no financial commitments were known to exist (2023: None).

		2024	2023
		-----Rupees-----	
24. REVENUE FROM FINANCE LEASES	<i>Note</i>		
Recovery of suspended markup on finance leases	11.2	41,158,419	5,976,154
Other recoveries and settlement gains		112,844,386	26,461,410
		<u>154,002,805</u>	<u>32,437,564</u>
25. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, allowances and benefits		17,759,083	16,072,924
Meeting fee of directors		3,600,000	3,080,000
Rent		1,054,704	1,006,720
Repairs and maintenance		2,224,619	2,527,738
Insurance		150,042	198,042
Utilities		1,816,295	850,270
Depreciation on investment properties	12	1,418,586	1,418,616
Depreciation on property, plant and equipment	13	4,477,413	3,981,716
Vehicle running expenses		1,809,165	1,716,434
Printing and stationery		354,870	293,843
Telephone and postage		860,741	521,567
Travelling and conveyance		324,515	142,921
Travelling and conveyance - Directors		867,697	802,150
Fee and subscriptions		552,752	1,360,535
Legal and professional charges		3,141,595	8,176,119
Advertisement		281,538	104,646
Auditors' remuneration	25.1	648,216	640,480
Miscellaneous		1,520,123	1,351,119
Bad and doubtful debt		16,609,559	-
AGM/EOGM Expenses		184,110	-
		<u>59,655,623</u>	<u>44,245,840</u>
25.1 Auditors' remuneration			
Annual audit fee		475,200	432,000
Fee for review of half yearly financial statements		173,016	168,480
Other certifications		-	40,000
		<u>648,216</u>	<u>640,480</u>

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26. REVERSAL OF PROVISION FOR NON-PERFORMING EXPOSURES	2024	2023
	-----Rupees-----	
Reversal of provision for potential losses on:		
- Short term loans	6.2 21,420,124	2,175,000
- Long term loans	10.2 -	818,400
- Finance leases	11.3 28,042,293	6,872,994
	<u>49,462,417</u>	<u>9,866,394</u>
27. OTHER INCOME		
Dividend income	8,318,731	7,104,183
Interest income from government securities	1,778,350	2,375,381
Interest income from savings accounts	15,402,259	3,689,839
Interest income from term loans	6,956,428	4,235,717
Waiver on settlement of long term finances	-	26,999,996
Others	66,622	11,342,724
	<u>32,522,390</u>	<u>55,747,840</u>
28. FINANCE COSTS		
Mark-up on:		
- Long term finances	-	622,285
- Term finance certificates	43,830,906	35,207,845
- Short term borrowings	-	3,397,699
- Certificates of investment	3,526,966	6,199,216
Bank charges	45,007	33,083
	<u>47,402,879</u>	<u>45,460,128</u>

29. MINIMUM TAX - LEVY

This represents portion of minimum tax paid under relevant sub sections of section 113 of Income Tax Ordinance, 2001 (ITO, 2011), representing levy in terms of requirements of IFRIC 21/IAS 37.

FINAL TAX - LEVY

This represents portion of final taxes paid under relevant sub sections of section 5 and section 37a of Income Tax Ordinance, 2001 (ITO, 2011), representing levy in terms of requirements of IFRIC 21/IAS 37.

INCOME TAX EXPENSE

Major components of income tax expense are as under:

Current tax expense	-	94,024
Deferred tax	-	(6,329,573)
	<u>-</u>	<u>(6,235,549)</u>

29.1 The numerical reconciliation between the tax expense and accounting loss / profit has not been presented for the current year and comparative year as the total income of the Company for the current year and comparative year attracted minimum tax under Section 113 of the Income Tax Ordinance, 2001.

29.2 The company has filed tax returns up to 30 June 2024 that is deemed to be an assessment order. The tax department has rectified the order for tax year 2019 and disallowed adjustments of previous year refunds with tax liability of 2019. The company is filing appeal against the said order.

29.3 The company have available deductible temporary differences that result in deferred tax assets of Rs.431.2 million. The deferred tax assets has not been recognised as the company is suffering from continuous losses.

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	2024	2023
30. EARNINGS / (LOSS) PER SHARE:	-----Rupees-----	
30.1 Basic earning/ (loss) per share		
Profit/ (loss) after taxation attributable to ordinary shareholders	107,177,536	14,581,379
	-----Number-----	
Weighted average number of ordinary shares outstanding	45,160,500	45,160,500
	-----Rupees-----	
Earnings / (loss) per share - Basic	2.37	0.32
30.2 Diluted earning/ (loss) per share		
Profit / (Loss) after taxation attributable to ordinary shareholders	107,177,536	14,581,379
	-----Number-----	
Weighted average number of ordinary shares outstanding	97,981,350	97,981,350
	-----Rupees-----	
Earning/ (loss) per share - Diluted	1.09	0.15
30.2.1 As at June 30, 2024, the Company had 52.82 million (2023 52.82 million) convertible preference shares which have been considered for the calculation of diluted profit per share.		
31. CASH USED IN OPERATIONS		
Profit before taxation	128,929,110	8,345,830
<i>Adjustment for non-cash charges and other items :</i>		
- Recovery of suspended markup on finance leases	(41,158,419)	(5,976,154)
- Depreciation - owned assets	4,477,413	3,601,351
- Depreciation - investment properties	1,418,586	1,418,306
- Reversal of provision for non-performing exposures	(49,462,417)	(9,815,819)
- Dividend income	(8,318,731)	(7,104,183)
- Interest income from government securities	(1,778,350)	(2,375,381)
- Interest income from term loans	(6,956,428)	(868,743)
- Gain on settlement of short term and long term finances	(761,533)	(26,999,996)
- Finance costs	47,402,879	45,460,128
	(55,137,000)	(2,660,491)
	73,792,110	5,685,339
Movement in working capital		
- Short term loans	(44,729,876)	-
- Trade deposits and short term prepayments	439,456	(81,409)
- Other receivables	(27,194,559)	(10,585,000)
- Income tax Payable	21,751,574	-
- Accrued expenses and other payables	(1,482,617)	1,681,902
	(51,216,022)	(8,984,507)
Cash used in operations	22,576,088	(3,299,168)

SAUDI PAK LEASING COMPANY LIMITED
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32. STAFF RETIREMENT BENEFITS - Defined benefit plan

All company staff is on contractual basis therefore no provision for defined benefit plan has been made.

33. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of Saudi Pak Industrial & Agricultural Investment Company Limited (the major shareholder), directors, key management personnel and employee benefit plan. The transactions between the Company and the related parties are carried out as per agreed terms.

Transactions during the year

Details of transactions entered into with related parties, other than those disclosed elsewhere in these financial statements, are as follows:

	2024			
	Major Shareholder	Directors	Key management personnel	Other related parties
	(Rupees)			
Rent paid	-	-	-	-
Contributions to provident fund	-	-	-	1,276,000
Remuneration	-	3,600,000	10,231,600	-

	2023			
	Major Shareholder	Directors	Key management personnel	Other related parties
Rent paid	-	-	-	-
Contributions to the provident fund	-	-	-	1,334,500
Remuneration	-	3,080,000	9,712,653	-

34. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged for remuneration including all benefits to the Chief Executive, Directors and Executives is as follows:

	Chief Executive		Directors		Executives		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees)							
Managerial remuneration	6,380,000	5,312,500	3,600,000	3,080,000	3,851,600	2,470,100	13,831,600	10,862,600
Retirement benefits	638,000	1,344,500	-	-	-	-	638,000	1,344,500
Leave encashment	-	198,333	-	-	-	-	-	198,333
Other perquisites	1,980,000	1,468,053	-	-	-	12,000	1,980,000	1,480,053
	8,998,000	8,323,386	3,600,000	3,080,000	3,851,600	2,482,100	16,449,600	13,885,486
Number of persons	1	1	4	4	2	2		

34.1 The Chief Executive is provided with free use of a Company maintained car.

34.2 Remuneration to directors represents fee pertaining to 18 meetings of directors and committees (2023: 15 meetings) in connection with the financial statements and other matters.

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35. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors have the overall responsibility for establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse 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 from time to time 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.

35.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company and arises principally from the Company's lease and loan portfolio and receivables and deposits with banks.

35.1.1 Management of credit risk

The Company manages its credit risk by improving and enhancing its credit risk policies and procedures to have a better control and monitoring on its credit exposures. Therefore, the management on the basis of past events, is continuously working to formulate and strengthen its policies to effectively control and monitor its credit risk. The management is also in the process of negotiation and settlement of its non-performing exposures.

35.1.2 Exposure to credit risk

The Company's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the financial assets in the statement of financial position. The Company's exposure to credit risk is inherent in lease and loan receivables and deposits with banks.

The maximum exposure to credit risk at the reporting date is:

Long term loans	52,723,626	52,801,530
Net investment in finance leases - net of security deposits held	88,506,937	148,883,724
Bank balances	108,724,621	27,470,977
Short term loans	75,800,300	120,530,176
Trade deposits	1,500,736	1,061,280
Other receivables	-	27,194,559
	<u>327,256,220</u>	<u>377,942,246</u>

35.1.3 The aging of net investment in finance leases (net of security deposits), long term loans and short term loans (on gross basis) at the reporting date was:

	June 30, 2024					
	Net investment in finance leases (Net of security deposits)		Long term loans		Short term loans	
	Principal	Provision	Gross	Provision	Gross	Provision
	----- (Rupees) -----					
Past due and impaired:						
- more than 730 days	901,199,141	(812,692,204)	100,308,672	(47,585,046)	80,800,300	(5,000,000)
Total	<u>901,199,141</u>	<u>(812,692,204)</u>	<u>100,308,672</u>	<u>(47,585,046)</u>	<u>80,800,300</u>	<u>(5,000,000)</u>

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	2023					
	Net investment in finance leases (Net of security deposits)		Long term loans		Short term loans	
	Principal	Provision	Gross	Provision	Gross	Provision
	----- (Rupees) -----					
Past due and impaired:						
- more than 730 days	989,618,221	(840,565,198)	100,386,576	(47,585,046)	146,950,300	(26,420,124)
Total	989,618,221	(840,565,198)	100,386,576	(47,585,046)	146,950,300	(26,420,124)

The benefit of FSV of collaterals has been considered in calculating the provision against non-performing exposures.

35.1.4 The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating as of June 30, 2024		Rating Agency	2024	2023
	Short term	Long term		----- (Rupees) -----	
Faysal Bank Limited	A-1+	AA	PACRA & VIS	41,167	36,733
Samba Bank Limited	Withdrawan	Withdrawan	JCR VIS	14,363	14,363
MCB Bank Limited	A1+	AAA	PACRA	108,669,091	27,419,881
National Bank of Pakistan	A-1+	AAA	JCR VIS	-	-
				108,724,621	27,470,977

35.1.5 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company manages credit risk and its concentration exposure through diversification of activities to avoid undue concentration of risks.

35.2 Liquidity risk

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

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

	June 30, 2024						
	Carrying amount	Contractual cash flows	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
----- (Rupees) -----							
Financial liabilities							
Borrowings from financial institutions	137,500,000	137,500,000	137,500,000	-	-	-	-
Certificates of investment	44,249,000	44,249,000	44,249,000	-	-	-	-
Accrued mark-up	526,016,420	526,016,420	526,016,420	-	-	-	-
Accrued expenses and other payables	5,973,152	5,973,152	5,973,152	-	-	-	-
Long term finances	213,537,776	213,537,776	213,537,776	-	-	-	-
	927,276,348	927,276,348	927,276,348	-	-	-	-

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	June 30, 2023						
	Carrying amount	Contractual cash flows	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
(Rupees)							
Financial liabilities							
Borrowings from financial institutions	162,801,588	162,801,588	162,801,588	-	-	-	-
Certificates of investment	93,549,000	93,549,000	93,549,000	-	-	-	-
Accrued mark-up	512,034,439	512,034,439	512,034,439	-	-	-	-
Accrued expenses and other payables	5,773,867	5,773,867	5,773,867	-	-	-	-
Long term finances	356,494,894	356,494,894	356,494,894	-	-	-	-
	<u>1,130,653,788</u>	<u>1,130,653,788</u>	<u>1,130,653,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

35.2.1 Breach of loan agreements

Due to liquidity crunch, as of June 30, 2024, the Company had been in default in making repayments in respect of certain short term and long term financing arrangements. As of the reporting date, the total outstanding principal and accrued markup in default amounted to Rs. 550.845 million (2022: Rs. 612.845 million) and Rs. 557.461 million (2022: Rs. 512.034 million), respectively.

35.3 Market risk

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

Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flows. The Company's exposure to fair value interest rate risk is limited as it does not hold significant fixed interest based financial instruments.

At the reporting date, the interest rate profile of Company's interest-bearing financial instruments is as follows:

	Carrying amount	
	2023	2022
----- (Rupees) -----		
Fixed rate instruments		
Financial assets	7,120,217	13,916,716
Financial liabilities	(256,810,505)	(306,110,505)
	<u>(249,690,288)</u>	<u>(292,193,789)</u>
Variable rate instruments		
Financial assets	1,190,788,092	1,264,203,528
Financial liabilities	(207,834,080)	(213,729,246)
	<u>982,954,012</u>	<u>1,050,474,282</u>

Fair value sensitivity for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The Company holds profit earning savings accounts with various banks exposing the Company to cash flow interest rate risk (as detailed in note 5).

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A hypothetical change of 100 basis points in interest rates during the year would have increased / decreased loss before tax for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	2023	2022
	----- (Rupees) -----	
Cash flow sensitivity - Variable rate instruments	9,829,540	10,504,743

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. As of the reporting date, the Company was not exposed to any foreign exchange risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. As of the reporting date, the Company was not exposed to any material other price risk.

35.4 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 any orderly transaction between market participants at the measurement date. The management is of the view that the fair values of the financial assets and liabilities are not significantly different from their carrying values in the financial statements.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Following is the fair value hierarchy of assets and liabilities carried at fair value;

	2024		
	Level 1	Level 2	Level 3
	----- (Rupees) -----		
Office premises and generators	-	74,103,462	-
Investment in ordinary shares	32,054,783	-	-
	32,054,783	74,103,462	-

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	2023		
	Level 1	Level 2	Level 3
	(Rupees)		
Office premises and generators	-	80,444,629	-
Investment in ordinary shares	32,054,783	-	-
	32,054,783	80,444,629	-

The carrying amounts of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

35.5 Financial instrument by categories

	2024	2023
	(Rupees)	
Financial assets - Amortized cost		
Cash and bank balances	108,824,297	27,576,426
Short term loans	75,800,300	120,530,176
Trade deposits	1,500,736	1,061,280
Other receivables	427,241	26,965,428
Long term loans	52,723,626	52,801,530
Net investment in finance leases	351,102,288	411,479,075
<i>Financial assets - FVTOCI</i>		
Short term investments	32,054,783	36,512,504
<i>Financial assets - FVTPL</i>		
Short term investments	7,120,217	13,423,608
Financial liabilities		
<i>At amortised cost</i>		
Long term finances	213,537,776	294,494,447
Security deposits against finance leases	262,595,351	262,595,351
Certificates of investment	44,249,000	93,549,000
Borrowings from financial institutions	137,500,000	162,801,588
Accrued mark-up	526,016,420	557,461,484
Accrued expenses and other payables	7,634,443	9,117,060

36. GENERAL

36.1 Number of employees

There are no permanent staff members.

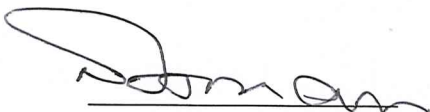
36.2 Date of authorization of the financial statements

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 19 SEP 2024.


36.3 Level of rounding

Figures in these financial statements have been rounded off to the nearest rupee.

✓



Chief Executive Officer



Director



Chief Financial Officer