

**UNIVERSAL NETWORK SYSTEMS  
(PRIVATE) LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2020**

**Independent Auditor's Report**  
**To the members of Universal Network Systems (Private) Limited**  
**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of the **Universal Network Systems (Private) Limited** which comprise the statement of financial position as at June 30, 2020 and the statement of profit or loss and other 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, the statement of financial position, the profit and loss statement, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of its profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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## Report on Other Legal and Regulatory Requirements

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

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

  
Crowe Hussain Chaudhury & Co.  
Chartered Accountants

Karachi

Date: 05 OCT 2020

**UNIVERSAL NETWORK SYSTEMS (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

|  |      | 2020                | 2019        |
|--|------|---------------------|-------------|
|  |      | ------(Rupees)----- |             |
|  | Note |                     |             |
| <b>Non-current assets</b>                                |      |                     |             |
| Property and equipment                                   | 4    | 71,033,283          | 66,297,689  |
| Intangible assets  | 5    | 15,300,000          | -           |
| Long term deposits                                       | 6    | 10,304,678          | 8,454,140   |
|  |      | 96,637,961          | 74,751,829  |
| <b>Current assets</b>                                    |      |                     |             |
| Trade debtors - unsecured and considered good            |      | 281,228,859         | 239,352,579 |
| Short term loans and advances                            | 7    | 16,224,174          | 15,368,714  |
| Short term deposits, prepayments and advance income tax  | 8    | 31,509,471          | 38,545,063  |
| Tax refund due from Government                           |      | 18,238,679          | 14,549,795  |
| Cash and bank balances                                   | 9    | 9,919,174           | 9,977,319   |
|  |      | 357,120,357         | 317,793,470 |
|  |      | 453,758,318         | 392,545,299 |
| <b>Share capital and Reserves</b>                        |      |                     |             |
| Authorized   |      |                     |             |
| 100,000 (2019: 100,000) ordinary shares of Rs.100/- each |      | 10,000,000          | 10,000,000  |
| Issued, subscribed and paid-up                           |      |                     |             |
| 57,143 (2019: 57,143) ordinary shares of Rs. 100/- each  |      |                     |             |
| fully paid in cash                                       |      | 5,714,300           | 5,714,300   |
| Share Premium  |      | 43,286,075          | 43,286,075  |
| Unappropriated profit                                    |      | 29,300,412          | 27,292,943  |
|  |      | 78,300,787          | 76,293,318  |
| <b>Non-current liabilities</b>                           |      |                     |             |
| Liabilities against assets subject to finance lease      | 10   | 3,958,516           | -           |
| Deferred taxation  | 11   | 6,986,598           | 6,432,534   |
|  |      | 10,945,114          | 6,432,534   |
| <b>Current liabilities</b>                               |      |                     |             |
| Trade and other payables                                 | 12   | 170,885,746         | 156,630,118 |
| Due to related parties                                   | 13   | 96,967,176          | 94,919,979  |
| Accrued mark-up  |      | 382,093             | 79,894      |
| Short term borrowings                                    | 14   | 86,404,855          | 47,856,600  |
| Current portion finance lease                            | 10   | 1,246,684           | 602,126     |
| Provision for taxation                                   |      | 8,625,863           | 9,730,730   |
|  |      | 364,512,417         | 309,819,448 |
| <b>Contingencies and Commitments</b>                     | 15   |                     |             |
|  |      | 453,758,318         | 392,545,299 |

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

CHIEF  
EXECUTIVE

DIRECTOR

**UNIVERSAL NETWORK SYSTEMS (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**2020**                      **2019**  
**------(Rupees)-----**

**Note**

**Income**

|   |    |              |              |
|---|----|--------------|--------------|
| International freight                   |    | 4,845,564    | 6,131,939    |
| Courier service income                  |    | 63,310,031   | 94,097,343   |
| Commission income                       |    | 927,185      | 2,197,361    |
| Trading income                          |    | -            | 93,318       |
|   | 16 | 69,082,780   | 102,519,961  |
| General and administrative expenses     | 17 | (83,237,296) | (85,589,447) |
| Selling expenses                        | 18 | (2,801,761)  | (1,214,520)  |
| Finance costs                           | 19 | (10,738,372) | (8,354,999)  |
|   |    | (96,777,429) | (95,158,966) |
|   |    | (27,694,649) | 7,360,995    |
| Other income                            | 20 | 39,557,580   | 18,016,260   |
| Other charges                           | 21 | -            | (589,761)    |
| Profit before tax                       |    | 11,862,931   | 24,787,494   |
| Taxation                                |    |              |              |
| - Current                               |    | (8,625,863)  | (9,730,730)  |
| - Prior                                 |    | (675,536)    | (5,732,142)  |
| - Deferred                              |    | (554,064)    | (1,828,177)  |
|   |    | (9,855,463)  | (17,291,049) |
| Profit after tax                        |    | 2,007,468    | 7,496,445    |
| Other comprehensive income              |    | -            | -            |
| Total comprehensive income for the year |    | 2,007,468    | 7,496,445    |

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

**CHIEF  
EXECUTIVE**

**DIRECTOR**



**UNIVERSAL NETWORK SYSTEMS (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|  | 2020                   | 2019                |
|--|------------------------|---------------------|
| Note   | ------(Rupees)-----    |                     |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                   |                        |                     |
| Profit before tax  | 11,862,931             | 24,787,494          |
| Adjustment for:  |                        |                     |
| Depreciation   | 10,612,545             | 10,578,530          |
| Amortization of Intangibles                                  | 1,700,000              | -                   |
| Finance costs  | 10,738,372             | 8,354,999           |
| (Gain)/loss on sale of property and equipment                | (1,163,943)            | 589,761             |
| Operating profit before working capital changes              | <u>33,749,905</u>      | <u>44,310,783</u>   |
| <b>(Increase)/ decrease in current assets</b>                |                        |                     |
| Trade debtors - unsecured and considered good                | (41,876,280)           | (37,429,514)        |
| Stock in trade   | -                      | 7,362,323           |
| Short term loans and advances                                | (855,460)              | 263,886             |
| Short term deposits and prepayments                          | 697,057                | (18,912,852)        |
|  | <u>(42,034,683)</u>    | <u>(48,716,157)</u> |
|  | (8,284,778)            | (4,405,374)         |
| <b>Increase/ (decrease) in current liabilities</b>           |                        |                     |
| Trade and other payables                                     | 14,255,628             | 37,405,211          |
| Due to related parties                                       | 2,047,197              | 15,942,595          |
|  | <u>16,302,825</u>      | <u>53,347,806</u>   |
| Cash (outflow)/inflow from operations                        | 8,018,046              | 48,942,432          |
| Income tax paid  | (7,756,568)            | (8,749,701)         |
| Finance cost paid  | (10,436,173)           | (8,620,556)         |
| Net cash (outflow)/inflow from operating activities (A)      | <u>(10,174,695)</u>    | <u>31,572,175</u>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                   |                        |                     |
| Purchase of property and equipment                           | (16,630,941)           | (13,256,854)        |
| Purchase of Intangibles                                      | (17,000,000)           | -                   |
| Sale proceeds from property and equipment                    | 2,446,700              | 2,150,500           |
| Long term deposits   | (1,850,538)            | 2,341,794           |
| Net cash (outflow) from investing activities (B)             | <u>(33,034,779)</u>    | <u>(8,764,560)</u>  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                   |                        |                     |
| Obligation under finance lease                               | 4,603,074              | (3,571,502)         |
| Net cash (outflow) from financing activities (C)             | <u>4,603,074</u>       | <u>(3,571,502)</u>  |
| Net (decrease)/increase in cash and cash equivalents (A+B+C) | (38,606,400)           | 19,236,113          |
| Cash and cash equivalents at the beginning of the year       | (37,879,281)           | (57,115,394)        |
| Cash and cash equivalents at the end of the year             | 22 <u>(76,485,681)</u> | <u>(37,879,281)</u> |
| Cash and bank balances                                       | 9,919,174              | 9,977,319           |
| Short term borrowings  | (86,404,855)           | (47,856,600)        |
|  | <u>(76,485,681)</u>    | <u>(37,879,281)</u> |

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

**CHIEF  
EXECUTIVE**

**DIRECTOR**

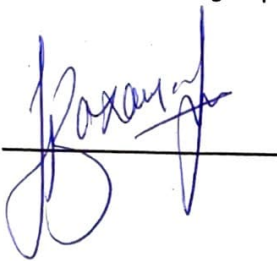
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UNIVERSAL NETWORK SYSTEMS (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2020

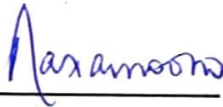
|   | Issued,<br>subscribed<br>and paid-up<br>capital | Share Premium     | Unappropriated<br>profit | Total             |
|---|---|-------------------|--------------------------|-------------------|
|   | ------(Rupees)-----                             |                   |                          |                   |
| Balance as at June 30, 2018             | 5,714,300                                       | 43,286,075        | 19,796,498               | 68,796,873        |
| Total comprehensive income for the year | -   | -                 | 7,496,445                | 7,496,445         |
| <b>Balance as at June 30, 2019</b>      | <b>5,714,300</b>                                | <b>43,286,075</b> | <b>27,292,944</b>        | <b>76,293,319</b> |
| Total comprehensive income for the year | -   | -                 | 2,007,468                | 2,007,468         |
| <b>Balance as at June 30, 2020</b>      | <b>5,714,300</b>                                | <b>43,286,075</b> | <b>29,300,412</b>        | <b>2,007,468</b>  |

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

CHIEF  
EXECUTIVE

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DIRECTOR





**UNIVERSAL NETWORK SYSTEMS (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**1 STATUS AND NATURE OF BUSINESS**

Universal Network System (Private) Limited (The Company) is a private limited company incorporated in Pakistan on December 12, 2005 under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017).

The principal activity of the Company is to act as a cargo forwarder and carried on courier and allied services. The registered office of the Company is situated at Bungalow No. 5, Bangalore Town, Main Shahrah-e-Faisal, Karach. Pakistan. 74550.

**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:

-Revised Accounting and Financial Reporting Standard for the Small-Sized Entities (Revised AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies herein below.

**2.3 Presentation and functional currency**

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

**2.4 Key judgments and estimates**

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

-Useful lives, residual values and depreciation method of property and equipment (Refer note 3.1 and 4)

-Current income tax expense and recognition of deferred tax liability (Refer note 3.6)

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

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Property and Equipment**

##### **Operating Fixed Assets - tangible**

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to income applying the straight line method at the rates specified in the relevant note. Depreciation on additions is charged from the date at which asset is available for use and on disposals up to the date of disposal. Depreciation is charged to profit and loss account applying reducing balance method at the rate mentioned in relevant note.

Normal repairs & maintenance are charged to income as and when incurred. Major renewals and improvements if any are capitalised when it is probable that respective future economic benefits will flow to the Company.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount of relevant assets. These are included in the profit and loss account.

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset is classified as finance lease. Assets held under finance lease are stated at the lower of present value of minimum lease payments under the lease agreement and the fair value of assets acquired on lease. The aggregate amount of obligations relating to assets subject to finance lease is accounted for at the net present value of liabilities. Value of leased assets is depreciated over the useful lives of the assets using the same rates applicable to owned assets. Depreciation of leased assets is charged to income. The related obligations of leased assets are accounted for as liabilities.

The finance cost under lease agreements are allocated to the periods during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

The carrying amount of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating concurrence of impairment loss or reversal of previous impairment losses. If any such indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversal of impairment losses are recognized in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

#### **3.2 Intangible Assets**

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

#### **3.3 Trade debts**

Trade debts are carried at original invoice amount less provision for impairment. Known bad debts are written off, while provisions are made against debts considered doubtful based on review of outstanding amount at the end of the year.

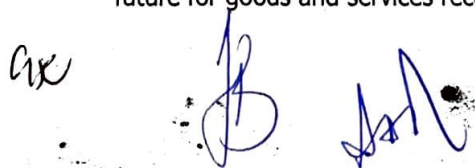
#### **3.4 Cash & cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include cash in hand and with bank.

#### **3.4 Accrued and other liabilities**

Accrued and other liabilities are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to Company.

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### 3.5 Provisions

A provision is recognized in the balance sheet 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. Provision are reviewed at each balance sheet and adjusted to reflect the current best estimates.

### 3.6 Taxation

#### -Current

Provision for current taxation is based on taxable income at the current rates of taxation after considering tax credits and rebates, if any.

#### -Deferred

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

-A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 3.7 Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

- i Courier, cargo and allied services are recorded as and when the invoices are raised.
- ii Commission income is recognized on accrual basis.
- iii Return on bank deposits is recognized on receipt basis.

### 3.8 Related party transactions

Related parties comprises of major shareholders, associated companies with or without common directorship, other companies with common directorship, directors of the Company, key management personnel and their close family members. The Company continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rate agreed under a contract/arrangement/agreement.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary and departmental heads to be its key management personnel.

### 3.9 Finance Lease

The Company accounts for assets acquired under finance lease by recording the assets and related liability at present value of the minimum lease payment. Finance charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.



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4 PROPERTY AND EQUIPMENT

| Description                        | Owned                 |                                  |                                 |                           | Leased            |                  | Total              |
|------------------------------------|-----------------------|----------------------------------|---------------------------------|---------------------------|-------------------|------------------|--------------------|
|                                    | Leasehold improvement | Furniture, fixtures and fittings | Office and electrical equipment | Computers and accessories | Vehicles          | Vehicles         |                    |
| <b>Cost</b>                        |                       |                                  |                                 |                           |                   |                  |                    |
| Balance as at July 01, 2018        | 30,641,340            | 5,777,141                        | 17,285,014                      | 14,359,520                | 23,751,147        | 7,440,499        | 99,254,662         |
| Additions                          | 777,361               | 4,695,477                        | 2,686,737                       | 1,461,789                 | 3,635,490         | -                | 13,256,854         |
| Disposals                          | -                     | -                                | (1,550,000)                     | -                         | (2,246,000)       | -                | (3,796,000)        |
| Written off                        | (3,679,431)           | (563,004)                        | -                               | -                         | -                 | -                | (4,242,435)        |
| Transfers                          | -                     | -                                | -                               | -                         | 5,872,500         | (5,872,500)      | -                  |
| <b>Balance as at June 30, 2019</b> | <b>27,739,270</b>     | <b>9,909,614</b>                 | <b>18,421,751</b>               | <b>15,821,309</b>         | <b>31,013,137</b> | <b>1,567,999</b> | <b>104,473,081</b> |
| Balance as at July 01, 2019        | 27,739,270            | 9,909,614                        | 18,421,751                      | 15,821,309                | 31,013,137        | 1,567,999        | 104,473,081        |
| Additions                          | 606,793               | 521,080                          | 2,329,194                       | 3,421,374                 | 3,196,000         | 6,556,500        | 16,630,941         |
| Disposals                          | -                     | (25,000)                         | (44,292)                        | -                         | (3,047,650)       | -                | (3,116,942)        |
| Written off                        | -                     | -                                | -                               | -                         | -                 | -                | -                  |
| Transfers                          | -                     | -                                | -                               | -                         | 1,568,000         | (1,568,000)      | -                  |
| <b>Balance as at June 30, 2020</b> | <b>28,346,063</b>     | <b>10,405,694</b>                | <b>20,706,653</b>               | <b>19,242,683</b>         | <b>32,729,487</b> | <b>6,556,499</b> | <b>117,987,080</b> |
| <b>Depreciation</b>                |                       |                                  |                                 |                           |                   |                  |                    |
| Balance as at July 01, 2018        | 6,117,633             | 1,953,365                        | 6,615,719                       | 8,376,896                 | 7,183,194         | 2,648,275        | 32,895,083         |
| Charge for the year                | 2,510,681             | 684,544                          | 1,755,823                       | 2,019,219                 | 2,889,428         | 718,834          | 10,578,530         |
| On disposals                       | -                     | -                                | (1,213,431)                     | -                         | (1,777,132)       | -                | (2,990,563)        |
| Written off                        | (1,951,536)           | (356,121)                        | -                               | -                         | -                 | -                | (2,307,657)        |
| Transfers                          | -                     | -                                | -                               | -                         | 2,804,543         | (2,804,543)      | -                  |
| <b>Balance as at June 30, 2019</b> | <b>6,676,778</b>      | <b>2,281,789</b>                 | <b>7,158,111</b>                | <b>10,396,116</b>         | <b>11,100,033</b> | <b>562,566</b>   | <b>38,175,392</b>  |
| Balance as at July 01, 2019        | 6,676,778             | 2,281,789                        | 7,158,111                       | 10,396,116                | 11,100,033        | 562,566          | 38,175,392         |
| Charge for the year                | 2,150,315             | 1,170,361                        | 1,969,562                       | 2,066,475                 | 3,105,062         | 150,815          | 10,612,590         |
| On disposals                       | -                     | (6,324)                          | (17,260)                        | -                         | (1,810,601)       | -                | (1,834,185)        |
| Transfers                          | -                     | -                                | -                               | -                         | 713,381           | (713,381)        | -                  |
| <b>Balance as at June 30, 2020</b> | <b>8,827,093</b>      | <b>3,445,826</b>                 | <b>9,110,413</b>                | <b>12,462,591</b>         | <b>13,107,875</b> | <b>-</b>         | <b>46,953,797</b>  |
| <b>CARRYING AMOUNT - 2020</b>      | <b>19,518,970</b>     | <b>6,959,869</b>                 | <b>11,596,240</b>               | <b>6,780,092</b>          | <b>19,621,612</b> | <b>6,556,499</b> | <b>71,033,283</b>  |
| <b>CARRYING AMOUNT - 2019</b>      | <b>21,062,492</b>     | <b>7,627,826</b>                 | <b>11,263,640</b>               | <b>5,425,193</b>          | <b>19,913,104</b> | <b>1,005,433</b> | <b>66,297,689</b>  |
| <b>RATE OF DEPRECIATION (%)</b>    | 10%                   | 15%                              | 15%                             | 30%                       | 15%               | 15%              |                    |

  
  
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|                                | 2020                | 2019       |
|--------------------------------|---------------------|------------|
| Note                           | ------(Rupees)----- |            |
| <b>5 INTANGIBLE ASSETS</b>     |                     |            |
| <u>Cost</u>                    |                     |            |
| Balance as at July 01,         | -                   | -          |
| Additions                      | 17,000,000          | -          |
|                                | <u>17,000,000</u>   | <u>-</u>   |
| <u>Less: Amortization</u>      |                     |            |
| Balance as at July 01,         | -                   | -          |
| Charge for the year            | 1,700,000           | -          |
|                                | <u>1,700,000</u>    | <u>-</u>   |
| Carrying amount as at June 30, | <u>15,300,000</u>   | <u>-</u>   |
| Rate of amortization           | <u>10%</u>          | <u>10%</u> |

**6 LONG TERM DEPOSITS**

Security deposit against

|                   |                   |                  |
|-------------------|-------------------|------------------|
| - Utilities       | 115,500           | 97,500           |
| - Rent            | 9,689,178         | 7,356,640        |
| - Leased vehicles | -                 | 500,000          |
| - Others          | 500,000           | 500,000          |
|                   | <u>10,304,678</u> | <u>8,454,140</u> |

**7 SHORT TERM LOANS AND ADVANCES**

|                          |     |                   |                   |
|--------------------------|-----|-------------------|-------------------|
| Employees                | 7.1 | 2,892,038         | 2,739,859         |
| Advance to related party |     | 7,227,922         | 7,221,127         |
| Advance against services |     | 6,104,214         | 5,407,728         |
|                          |     | <u>16,224,174</u> | <u>15,368,714</u> |

7.1 Loans given to employees are of personal nature and interest free.

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|  | Note | 2020<br>------(Rupees)----- | 2019              |
|--|------|-----------------------------|-------------------|
| <b>8 SHORT TERM DEPOSITS, PREPAYMENTS AND ADVANCE INCOME TAX</b> |      |                             |                   |
| Bank guarantee margin  |      | 21,048,362                  | 23,328,362        |
| Prepayments  |      | 1,278,552                   | 1,121,552         |
| Advance tax  |      |                             |                   |
| -Income tax  |      | 7,756,614                   | 14,095,149        |
| -Sales tax   |      | 1,425,943                   | -                 |
|  |      | <u>31,509,471</u>           | <u>38,545,063</u> |
| <b>9 CASH AND BANK BALANCES</b>                                  |      |                             |                   |
| Cash in hand   |      | 2,616,561                   | 2,931,563         |
| Cash at bank   |      |                             |                   |
| - In current account   |      | 7,150,123                   | 6,870,732         |
| - In saving account  |      | 152,491                     | 175,025           |
|  |      | <u>9,919,174</u>            | <u>9,977,319</u>  |

**10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

|  | 2020<br>------(Rupees)-----  |                  | 2019                         |                  |
|--|------------------------------|------------------|------------------------------|------------------|
|  | Minimum<br>lease<br>payments | Present<br>Value | Minimum<br>lease<br>payments | Present<br>Value |
| Within one year                                | 1,787,915                    | 1,246,684        | 604,014                      | 602,126          |
| After one year but not more than five years    | 4,562,389                    | 3,958,516        | -                            | -                |
| <b>Total minimum lease payments</b>            | <b>6,350,304</b>             | <b>5,205,200</b> | <b>604,014</b>               | <b>602,126</b>   |
| Less: Amount representing finance charges      | (1,145,104)                  | -                | (1,888)                      | -                |
| <b>Present value of minimum lease payments</b> | <b>5,205,200</b>             | <b>5,205,200</b> | <b>602,126</b>               | <b>602,126</b>   |
| Less: Payable within one year - Present value  | (1,246,684)                  | (1,246,684)      | (602,126)                    | (602,126)        |
|  | <u>3,958,516</u>             | <u>3,958,516</u> | <u>-</u>                     | <u>-</u>         |

The company has entered into a lease agreement with financial institutions for vehicles. Lease rentals are payable on monthly basis and include finance charges at the rate of 11.65% per annum (2019: 12.53% per annum), which has been used as a discounting factor. The company has the option to purchase the said vehicle upon completion of lease period and has the intention to exercise such option.

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|  |      | 2020                | 2019               |
|--|------|---------------------|--------------------|
|  | Note | ------(Rupees)----- |                    |
| <b>11 DEFERRED TAXATION</b>              |      |                     |                    |
| Deferred liability/(asset)               | 11.1 | <u>6,986,598</u>    | <u>6,432,534</u>   |
| <b>11.1 Deferred (asset) / liability</b> |      |                     |                    |
| <b>Taxable temporary differences</b>     |      |                     |                    |
| Accelerated tax depreciation             |      | 8,420,631           | 6,598,419          |
| <b>Deductible temporary differences</b>  |      |                     |                    |
| Finance lease obligation                 |      | <u>(1,434,033)</u>  | <u>(165,886)</u>   |
|  |      | <u>6,986,598</u>    | <u>6,432,534</u>   |
| <b>12 TRADE AND OTHER PAYABLES</b>       |      |                     |                    |
| Creditors                                |      | 131,798,894         | 129,224,893        |
| Accrued liabilities                      |      | 31,931,000          | 21,588,185         |
| Advance from customers                   |      | 1,933,297           | 2,086,930          |
| Income tax payable                       |      | 858,243             | 550,296            |
| Sales tax payable                        |      | 3,761,467           | 2,540,970          |
| Workers welfare fund                     |      | 602,845             | 602,845            |
| Others                                   |      | -                   | 36,000             |
|  |      | <u>170,885,746</u>  | <u>156,630,118</u> |
| <b>13 DUE TO RELATED PARTIES</b>         |      |                     |                    |
| Companies - interest bearing             | 13.1 | 27,928,612          | 27,928,612         |
| - non - interest bearing                 |      | 67,838,564          | 65,791,367         |
| Directors - non - interest bearing       |      | 1,200,000           | 1,200,000          |
|  | 13.2 | <u>96,967,176</u>   | <u>94,919,979</u>  |

13.1 This amount represent loan from due to related party. Interest is payable @16% (2019: 16%).


13.2 These loans are repayable on demand.

|                                 |      | 2020                | 2019              |
|---------------------------------|------|---------------------|-------------------|
|                                 | Note | ------(Rupees)----- |                   |
| <b>14 SHORT TERM BORROWINGS</b> |      |                     |                   |
| Book overdraft                  | 14.1 | 86,404,855          | 47,856,600        |
| Bank overdraft- secured         | 14.2 | -                   | -                 |
|                                 |      | <u>86,404,855</u>   | <u>47,856,600</u> |

14.1 This represents temporary book overdraft. Subsequent to the balance sheet date deposits were made in this account to convert it into a favorable balance.

14.2 This represents bank overdraft facility of Rs 23.8 million (2019: Rs. 23.8 million) for financing working capital requirement. It carries markup @ 6 month kibar + 4% (2019: markup @ 6 month kibar + 4%) and is secured against 1st registered hypothecation charge over receivable of the company and personal guarantee of all the directors.

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**15 CONTINGENCIES AND COMMITMENTS****15.1 Contingencies**

Guarantees on behalf of the company by a financial institution in favour of Department of Tourist Services, Government of Pakistan, aggregating to Rs. 400,000 (2019: Rs. 400,000).

Corporate Guarantees given by the company in favour of Shaheen Air International and Air China, aggregating to nil (2019: Rs. 5 million).

Corporate Guarantees given by the company in favour of Serene Air (Private) Limited aggregating to Rs. 16.72 million (2019:15.2 million )

Bank Guarantee given by the company in favour of Serene Air (Private) Limited.

**15.2 Commitments**

There were no commitments as at June 30, 2020 (2019: Nil).

|                       | Note | 2 0 2 0<br>------(Rupees)----- | 2 0 1 9<br>------(Rupees)----- |
|-----------------------|------|--------------------------------|--------------------------------|
| <b>16 Income</b>      |      |                                |                                |
| International freight |      | 405,868,685                    | 15,486,013                     |
| -Income               |      | 401,023,121                    | (9,354,074)                    |
| -Cost of Sales        |      | <u>4,845,564</u>               | <u>6,131,939</u>               |
| <br>Courier service   |      |                                |                                |
| -Income               |      | 742,064,139                    | 490,616,868                    |
| -Cost of Sales        |      | <u>678,754,108</u>             | <u>396,519,525</u>             |
|                       |      | <u>63,310,031</u>              | <u>94,097,343</u>              |
| <br>Commision Income  |      | <u>927,185</u>                 | <u>2,197,361</u>               |
| Trading Income        |      | <u>-</u>                       | <u>93,318</u>                  |
|                       |      | <u>69,082,780</u>              | <u>102,519,961</u>             |

**17 GENERAL AND ADMINISTRATIVE EXPENSES**

|   |                   |                   |
|---|-------------------|-------------------|
| Directors remuneration                  | 1,603,465         | 1,099,900         |
| Salaries, allowances and other benefits | 29,519,659        | 38,981,847        |
| Rent, rates and taxes                   | 5,461,125         | 3,189,376         |
| Insurance                               | 2,881,608         | 3,226,729         |
| Repairs and maintenance                 | 5,893,370         | 3,314,229         |
| Fuel                                    | 2,385,707         | 3,961,262         |
| Printing and stationery                 | 3,913,675         | 3,604,938         |
| Postage and telegram                    | 51,514            | 59,681            |
| Telephone, internet and mobile charges  | 1,194,153         | 932,795           |
| Electricity, gas and water charges      | 7,331,995         | 3,645,638         |
| Entertainment                           | 2,203,731         | 1,606,876         |
| Fees and subscription                   | 1,042,943         | 1,795,516         |
| Books and periodicals                   | 17,155            | 23,302            |
| Travelling and conveyance               | 1,537,404         | 1,548,119         |
| Auditors remuneration                   | 237,550           | 215,955           |
| Vehicle and generator maintenance       | 4,675,965         | 4,463,271         |
| Security expense                        | 844,732           | 3,151,484         |
| Depreciation                            | 10,612,545        | 10,578,530        |
| Amortization                            | 1,700,000         | -                 |
| Legal and professional                  | <u>129,000</u>    | <u>190,000</u>    |
|   | <u>83,237,296</u> | <u>85,589,447</u> |

**18 SELLING EXPENSES**

|                             |                  |                |
|-----------------------------|------------------|----------------|
| Sales promotion             | 480,220          | 812,040        |
| Advertisement and publicity | <u>2,321,541</u> | <u>402,480</u> |

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|                                     | 2020                 | 2019                |
|-------------------------------------|----------------------|---------------------|
|                                     | ----- (Rupees) ----- |                     |
| <b>19 FINANCE COSTS</b>             |                      |                     |
| Mark up on finance lease            | 3,807                | 65,667              |
| Mark up on running finance          | 7,760,867            | 7,922,448           |
| Mark up on loan from directors      | 2,499,524            | -                   |
| Bank charges                        | 474,174              | 366,884             |
|                                     | <u>10,738,372</u>    | <u>8,354,999</u>    |
| <b>20 OTHER INCOME</b>              |                      |                     |
| <b>- From non-financial assets</b>  |                      |                     |
| Handling charges on CBC             | 25,192,978           | 17,938,372          |
| Warehouse income                    | 13,083,937           | -                   |
| Gain on sale of fixed assets        | 1,163,943            | -                   |
| <b>- From financial assets</b>      |                      |                     |
| Profit on debt                      | 116,722              | 77,888              |
|                                     | <u>39,557,580</u>    | <u>18,016,260</u>   |
| <b>21 OTHER CHARGES</b>             |                      |                     |
| Loss on sale of fixed assets        | -                    | 589,761             |
|                                     | <u>-</u>             | <u>589,761</u>      |
| <b>22 CASH AND CASH EQUIVALENTS</b> |                      |                     |
| Cash and bank balances              | 9,919,174            | 9,977,319           |
| Short term borrowings               | (86,404,855)         | (47,856,600)        |
|                                     | <u>(76,485,681)</u>  | <u>(37,879,281)</u> |

**23 AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 05 OCT 2020 by the Board of Directors of the company.

**24 GENERAL**

Figures have been rounded off to the nearest rupee.

GK

CHIEF  
EXECUTIVE



DIRECTOR

