

**EQUIPMENT MANAGEMENT &
SUPPORT COMPANY (PRIVATE) LIMITED**

**AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
JUNE 30, 2022**



INDEPENDENT AUDITOR'S REPORT

To the members of **Equipment management & Support Company (Private) Limited.**

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of Equipment management & Support Company (Private) Limited (the company), which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss and 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, the statement of financial position, statement of profit or loss and statement of comprehensive income, the statement of changes in equity, the statement of cash flows together with 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, 2022 and of the 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 the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in *Auditor's Responsibilities for the audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The management is responsible for the other information.

The other information obtained at the date of this auditor's report in information included in the Director's 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 *correct*

materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as 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.

Boards 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 misstatements, 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 misstatements 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 the management.
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- 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 dates of our auditor's report. However, future events or conditions may cause the Company to cease to continue as going a 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 presentations.

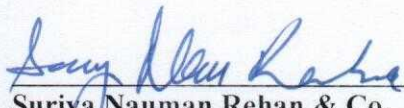
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other Legal and Regulatory Requirements

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

- a) proper books of accounts have been kept by the company as required by the companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investment made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Nauman Rafique.


Suriya Nauman Rehan & Co.
Chartered Accountants

Islamabad: Date 16 NOV 2022

UDIN: AR202210231OUphABTaE

Equipment Management & Support Company (Private) Limited
Statement of Financial Position
As at June 30, 2022

	<i>Note</i>	2022 Rupees	2021 Rupees
Non current Assets		-	-
Current Assets			
Advance Tax		401,657	264,099
Prepayments and other receivables	6	2,179,382	2,979,382
Cash and bank balance	7	46,505,180	15,369,318
Total Assets		49,086,219	18,612,799
EQUITY AND LIABILITIES			
Equity			
Share capital	8	100,000	100,000
Accumulated loss		(1,646,440)	(8,337,577)
		(1,546,440)	(8,237,577)
Current Liabilities			
Payable to parent company - net	9	47,079,973	22,870,682
Trade and other payables	10	2,133,662	2,942,435
Income tax payable	11	1,419,024	1,037,259
		50,632,659	26,850,376
Total equity and liabilities		49,086,219	18,612,799
Contingencies and commitments	16		

The annexed notes 1 to 23 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER

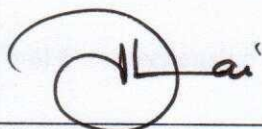


DIRECTOR

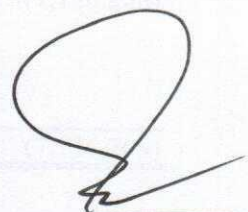
Equipment Management & Support Company (Private) Limited
Statement of Profit or Loss
For the year ended 30 June 2022

	<i>Note</i>	2022 Rupees	2021 Rupees
Revenue	12	12,232,842	8,643,829
Cost of Services	13	(8,508,259)	(15,067,898)
Gross Profit / (Loss)		3,724,583	(6,424,069)
Administrative and general expenses	14	(734,163)	(2,903,705)
Operating Profit / (Loss)		2,990,420	(9,327,774)
Finance Cost		(9,052)	(22,350)
Other income		5,177,710	3,261,175
		5,168,658	3,238,825
Profit before taxation		8,159,078	(6,088,949)
Taxation	15	(1,467,941)	(1,037,259)
Profit /(Loss) after taxation		6,691,137	(7,126,208)

The annexed notes 1 to 23 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



Director

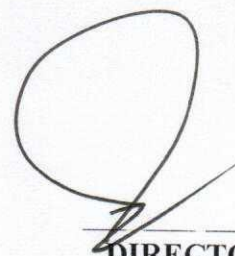
Equipment Management & Support Company (Private) Limited
Statement of Changes in Equity
For the year ended 30 June 2022

	<u>Share capital</u>	<u>Accumulated loss</u>	<u>Total Equity</u>
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Balance as at 01 July 2020	100,000	(1,211,369)	(1,111,369)
Total comprehensive income for the year			
Loss for the year	-	(7,126,208)	(7,126,208)
Balance as at 01 July 2021	<u>100,000</u>	<u>(8,337,577)</u>	<u>(8,237,577)</u>
Total Comprehensive income for the year			
Profit for the year	-	6,691,137	6,691,137
Balance as at 30 June 2022	<u>100,000</u>	<u>(1,646,440)</u>	<u>(1,546,440)</u>

The annexed notes 1 to 23 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER

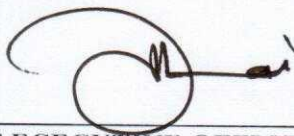


DIRECTOR

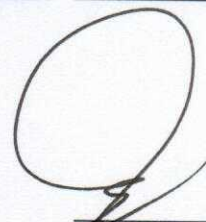
Equipment Management & Support Company (Private) Limited
Statement of Cash Flows
For the year ended 30 June 2022

	<i>Notes</i>	2022 Rupees	2021 Rupees
Cash flows from operating activities			
Profit / loss before taxation		8,159,078	(6,088,949)
Adjustments for:			
Other income		(5,177,710)	(3,261,175)
Finance cost		9,052	22,350
		2,990,420	(9,327,774)
Changes in:			
Decrease/(Increase) in prepayments and other receivables	6	662,442	(1,504,854)
Increase/(Decrease) in payable to parent company - net	9	24,209,291	(14,964,889)
(Decrease)/Increase in trade and other payables	10	(808,773)	399,866
		24,062,961	(16,069,877)
Other income		5,177,710	3,261,175
Finance cost		(9,052)	(22,350)
Taxes paid	15	(1,086,176)	(505,631)
		4,082,482	2,733,194
Net cash generated from operating activities		31,135,862	(22,664,456)
Cash Generated From Investing Activities		-	-
Cash flows from financing activities		-	-
Net increase in cash and cash equivalents		31,135,862	(22,664,456)
Cash and cash equivalents at the beginning of the year		15,369,318	38,033,775
Cash and cash equivalents at the end of the year		46,505,180	15,369,318

The annexed notes 1 to 23 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

Equipment Management & Support Company (Private) Limited
Notes to the Financial Statements
For the year ended 30 June 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

Equipment Management and Support Company (Private) Limited ("the Company") was incorporated as a private limited company on 24 May 2017 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office of the Company is situated at Headquarters Frontier Works Organization, 509, Kashmir Road, R.A Bazar, Rawalpindi. The Company is principally formed for the purpose of providing equipment management services to Frontier Works Organization and to act as an agent on behalf of Frontier Works Organization for execution of equipment hiring in and hiring out agreements.

The Company is wholly owned subsidiary of Frontier Works Organization (the Parent Company).

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgments made by management in the application of the approved accounting and reporting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.4 Functional and presentation currency

Items included in these financial statements of the Company 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.

3 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED STANDARDS

3.1 Standards, Interpretations and amendments to accounting and reporting standards that are effective in current year

There are no new standards, amendments and interpretations adopted by the company during the year.

3.2 Standards, Interpretations and amendments to accounting and reporting standards that are not yet effective

The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

	Effective date (annual periods beginning on or after)
IFRS 4 - Amendments to IFRS 17 and Extension of the Temporary Exemption from applying IFRS 9.	1-Jan-23
IAS 1- Amended by classification of Liabilities as Current or Non-current	1-Jan-23

The above amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

There are new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP) and Institute of Chartered Accountants of Pakistan (ICAP). However, such standards and interpretations are not relevant for the company at the date of statement of financial position and neither the management intends for the early adoption of these standards and interpretations. Therefore, such standards and interpretations that have not yet been adopted by the SECP or ICAP have not been considered in the preparation of these financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented except as disclosed in note 3.1 and 3.2 to these financial statements.

4.1 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention using accrual basis of accounting.

4.2 Taxation

a) Current

The charge for current year is higher of the amount computed on taxable income at the current rates of taxation after taking into account tax credits and rebates, if any, and minimum tax computed at the prescribed rate on turnover or alternative corporate tax. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

Deferred tax accounted for using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for the financial reporting purpose.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is calculated at the rates that are expected to apply to the periods when differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to the equity in which case it is included in equity.

4.3 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

4.4 Cash and cash equivalent

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances.

4.5 Share Capital

Ordinary shares are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

5 Revenue Recognition

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

5.1 Contingencies

Contingencies are disclosed when the Group has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

5.2 Related party transactions

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at an arm's length. These prices are determined in accordance with the methods prescribed in the Companies Act, 2017.

5.3 Financial Instruments

a) Financial assets

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Impairment

The Company recognizes loss allowances for ECLs if any, on;

- financial assets measured at amortized cost;
- debt investments measured at FVOCI, if any; and
- contract assets, if any

The Company recognizes loss allowance for Expected Credit Losses (ECLs). ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company applies the IFRS 9 simplified approach to measure the expected credit losses which uses a lifetime expected loss allowance. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Management uses actual credit loss experience over a past years to base the calculation of ECL which is null as the company has the good experience in recovering trade receivables and other financial assets.

b) Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

Derecognition

The financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.7 Financial instruments - Policy applicable from 1 July 2019

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities

5.7.1 Financial assets

Classification

On initial recognition, a financial asset is classified as measured at:

The classification of financial assets is based on the business model in which a financial asset is managed

a) Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not

b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated

c) Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are

Subsequent measurement

Financial assets at amortized cost

Measured at amortized cost using the effective interest method. The amortized cost is reduced by

Financial assets at FVTPL

Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in

De-recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset

5.7.2 Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is

The Company derecognizes a financial liability when its contractual obligations are discharged or

5.7.3 Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of

5.8 Financial Instruments - Policy applicable before 1 July 2019

a) Classification

The Company classifies non-derivative financial assets into loans and receivable category and financial

b) Recognition and de-recognition

The Company initially recognizes loans and receivables on the date when they are originated. Financial

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset
The Company derecognizes a financial liability when its contractual obligations are discharged or

c) Measurement

Financial assets categorized as loans and receivables are initially measured at fair value plus any directly

5.8.1 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of

5.9 Taxation

Taxation for the year comprises current tax. Taxation is recognized in the statement of profit or loss except

5.9.1 Current tax

Provision for current taxation is based on taxable income at the current rates of taxation after taking into

5.9.2 Deferred tax

Deferred tax is accounted for using the statement of financial position liability method in respect of all

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse,

5.10 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive

5.11 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly

The Company's accounting policies and disclosures require the measurement of fair values, for both

The Company measures the fair value of an instrument using the quoted price in an active market for that

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures

The best evidence of the fair value of a financial instrument on initial recognition is normally the

Equipment Management & Support Company (Private) Limited
Notes to the Financial Statements
For the year ended 30 June 2022

6	PREPAYMENTS AND OTHER RECEIVABLES	Note	2022 Rupees	2021 Rupees
	Other receivables	6.1	2,179,382	2,979,382
			<u>2,179,382</u>	<u>2,979,382</u>

6.1 This represents amount receivable from the parent company amounting to rupees 1,098,620 (2021: 1,098,620), against repair and maintenance expenditure incurred on its behalf. The maximum aggregate amount outstanding at any time during the year is 1,098,620.

7 CASH AND BANK BALANCES

Cash in hand		2,680	51,215
Cash at bank			
-Saving account	7.1	46,502,500	15,318,103
		<u>46,505,180</u>	<u>15,369,318</u>

7.1 The balance in saving account carries markup ranging between 10.75% to 6.50% (2021: 5% to 10.75%)

8 SHARE CAPITAL

Authorized share capital

1,000 (2021: 1,000) ordinary shares of Rs. 100 each

100,000	100,000
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Issued, subscribed and paid up share capital

1,000 (2021: 1,000) ordinary shares of Rs. 100 each

100,000	100,000
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9 PAYABLE TO PARENT COMPANY - NET

Opening balance

Add: Collections received on behalf of FWO

Less: Equipment management charges for the period

Less: Paid to FWO During the Year

22,870,682	37,835,571
36,442,133	23,803,878
(12,232,842)	(8,643,829)
-	(30,124,938)
9.1 47,079,973	22,870,682

9.1 This represents the amount received by the company as an agent, on behalf of the parent company. The amount is net-off the company services charges.

10 TRADE AND OTHER PAYABLES

Other payables

Accrued Liabilities

Salaries Payable

317,000	712,000
5,035	418,808
1,811,627	1,811,627
<u>2,133,662</u>	<u>2,942,435</u>

Equipment Management & Support Company (Private) Limited
Notes to the Financial Statements
For the year ended 30 June 2022

	<i>Note</i>	2022 Rupees	2021 Rupees
11 INCOME TAX PAYABLE			
Opening Balance		1,037,259	878,195
Add: Provision for current taxation		1,467,941	1,037,259
Add: Last Year Under Charge		(48,917)	-
Less: Tax paid during year		(1,037,259)	(878,195)
Less: Adjustment against tax paid / Deducted at source		-	-
Closing Balance		1,419,024	1,037,259
12 REVENUE			
Service charges for hired out equipment's		9,016,244	5,950,970
Service charges for hired in equipment's		3,216,598	2,692,859
		12,232,842	8,643,829
13 COST OF SERVICES			
Salaries and other benefits		3,013,667	9,676,410
Repair and maintenance		5,494,592	5,391,488
		8,508,259	15,067,898
14 ADMINISTRATIVE AND GENERAL EXPENSES			
Auditors' remuneration	14.1	262,000	240,000
Communication Charges		20,000	1,272
Legal and professional charges		13,785	86,634
Office supplies		18,300	2,880
Travelling and conveyance		39,750	41,768
Freight Charges		225,000	244,510
Insurance expenses		-	375,908
Fuel & Gas for Vehicles		79,048	234,744
Staff welfare		18,000	42,000
Misc. expense		30,600	12,015
Food & Accommodation		7,680	564,546
Excavation & transportation		20,000	1,057,428
		734,163	2,903,705
14.1 Auditors' remuneration			
Audit fee		181,500	165,000
Review of statement of compliance with Public Sector Code of Corporate Governance		60,500	55,000
Out of pocket expenses		20,000	20,000
		262,000	240,000

Equipment Management & Support Company (Private) Limited
Notes to the Financial Statements
For the year ended 30 June 2022

	Notes	2022 Rupees	2021 Rupees
15 TAXATION			
Current		1,467,941	1,037,259
Prior year		(48,917)	-
		<u>1,419,024</u>	<u>1,037,259</u>
Relationship between profit for the year and tax charge			
Tax at applicable rate of 29% (2021: 29%)			-
Tax effect of minimum tax		1,467,941	1,037,259
Other		(48,917)	-
		<u>1,419,024</u>	<u>1,037,259</u>

16 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at the year end. (2021: Nil)

17 FINANCIAL RISK MANAGEMENT

17.1 Financial risk factors

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

- Market risk
- Credit risk
- Liquidity risk

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

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

a) Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns. However, the Company is not exposed to any significant market risk.

b) Credit Risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge its obligation.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

30 June 2022

Other receivables
Cash and bank balances

Carrying amount
Rupees
2,179,382
46,502,500

30 June 2021

Other Receivables
Cash and bank balances

Carrying amount
Rupees
2,979,382
15,318,103

Geographically, there is no concentration of credit risk.

The Company's most significant amount is balance with a bank, amounting to Rs. 46,505,180 (2021: Rs. 15,369,318), as at the statement of financial position date.

The Company has placed funds in financial institution with credit rating as follows:

	Rating 2022	
	Short term	Long term
United Bank Limited	AAA	AA-
	Rating 2021	
	Short term	Long term
United Bank Limited	AAA	AA-

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or 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 funds 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 maturity profile of the Company's financial liabilities at year end based on contractual cash flows is summarized below:

<u>30 June 2022</u>	Carrying amount Rupees	One to twelve months Rupees
Payable to parent company - net	47,079,973	47,079,973
Trade and other payables	2,133,662	2,133,662
Income tax payable	1,419,024	1,419,024
<u>30 June 2021</u>	Carrying amount Rupees	One to twelve months Rupees
Payable to parent company - net	22,870,682	22,870,682
Trade and other payables	2,942,435	2,942,435
Income tax payable	1,037,259	1,037,259

17.2 Fair values

i) Fair value hierarchy

Financial instruments carried at fair value have been analyzed at following levels using valuation method:

Level 1: inputs using the quoted prices in active market for identical assets / liabilities.

Level 2: inputs other than the quoted market prices that are observed for the assets / liabilities either directly or indirectly.

Level 3: based on unobservable inputs for assets / liabilities.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change has occurred.

ii) Determination of fair values

The Company's accounting policies and disclosures require the determination of fair value, of both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Non - derivative financial assets

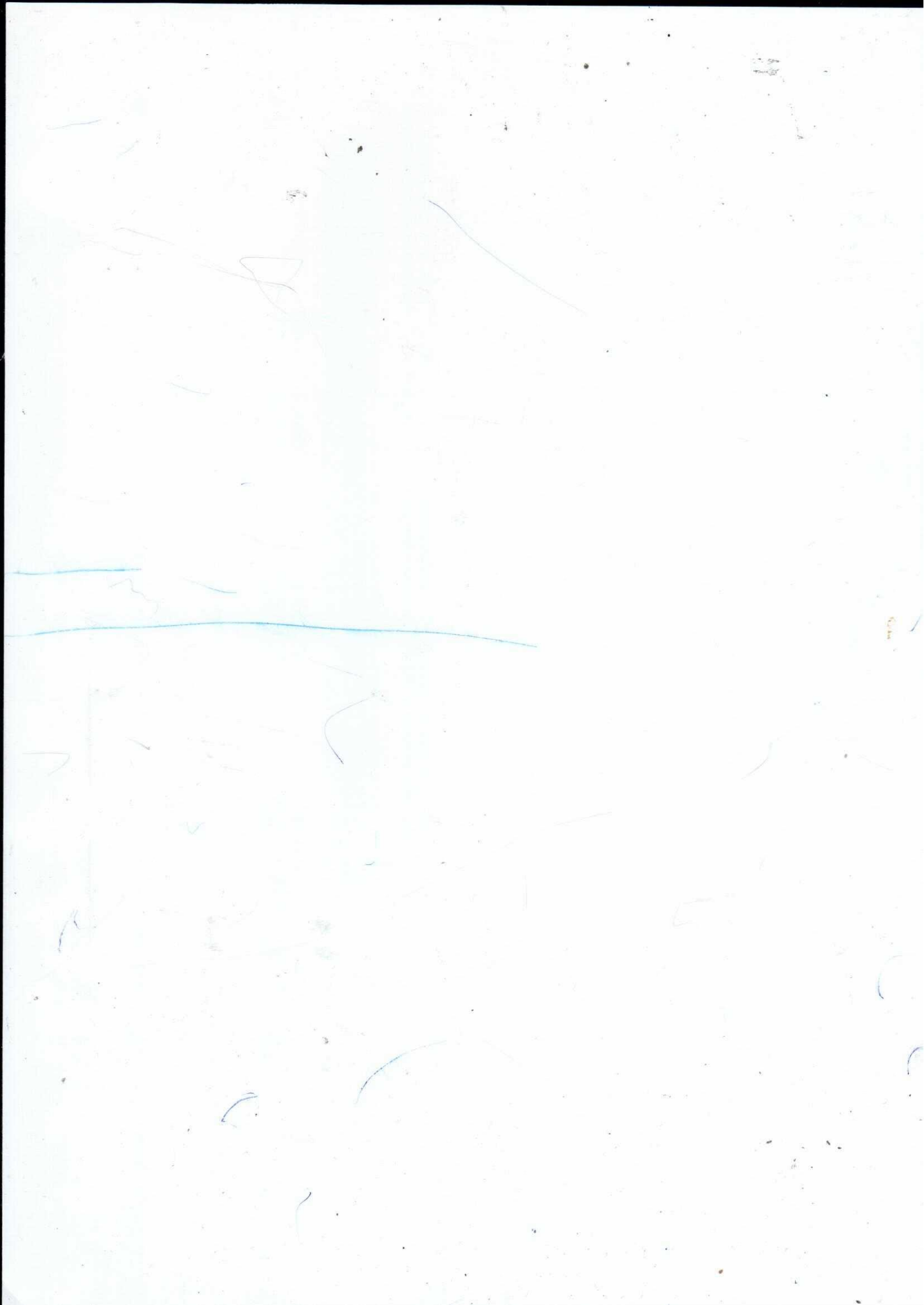
The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

<u>30 June 2022</u>	<u>Amortized cost</u>	<u>Other financial liabilities</u>
	<u>Rupees</u>	<u>Rupees</u>
Financial Assets		
Other receivables	2,179,382	-
Cash and bank balances	46,505,180	-
Financial Liabilities		
Payable to holding company - net	47,079,973	47,079,973
Trade and other payables	2,133,662	2,133,662
Income tax payable	1,419,024	241,532
<u>30 June 2021</u>		
Financial Assets		
Other receivables	2,979,382	2,979,382.00
Cash and bank balances	15,369,318	15,369,318



20 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

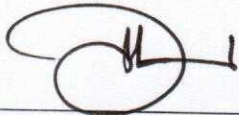
Chief executive and directors have not been paid any remuneration during the year. The Company does not have executives during the year (2021: Nil).

21 GENERAL INFORMATION

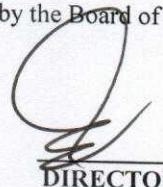
22 Figures have been rounded off to the nearest rupees unless otherwise stated.

23 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **16 NOV 2022** by the Board of



CHIEF EXECUTIVE OFFICER



DIRECTOR