

DOLLAR EAST EXCHANGE COMPANY (PRIVATE) LIMITED

**AUDITED FINANCIAL STATEMENT
FOR THE YEAR ENDED ON JUNE 30, 2023**



Registered Office: 97-A Jial Road Lahore.

GENERAL INFORMATION

Directors

Mr. Imtiaz Ul Hassan Gillani
Mr. Hafeez Ur Rehman
Mr. Ihsan Ul Haq Abbasi

Company Secretary

Mr. Hafeez Ur Rehman

Registered & Head Office Address

97-A, Jail Road, Lahore.

Auditors

M/s Ilyas Saeed & Company (Chartered Accountants) Lahore.

Company Web Site

www.dollareast.com

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DOLLAR EAST EXCHANGE COMPANY (PRIVATE) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Dollar East Exchange Company (Private) Limited (the Company), which comprise the statement of financial position as at June 30, 2023 and the related statement of profit or loss & other comprehensive income, the statement of changes in equity and 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 statement of profit or loss & other comprehensive income, 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, 2023 and of the profit, other comprehensive income, changes in equity and its' cash flows for the year then ended.

Basis For Opinion

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

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

Management is responsible for the other information. The other information comprises of 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 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.

We were not provided with any other information, whatsoever, and thus, 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 requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

The board of directors is responsible for overseeing the Company's financial reporting process.

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 the users taken on the basis of the 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 the 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists,



related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report On Other Legal and Regulatory Requirements

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

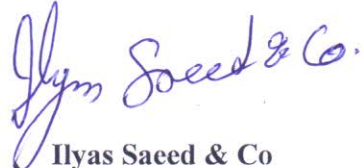
- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss & other comprehensive income, the statement of changes in equity and the statement of cash flows together with the 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 Ilyas.

Lahore

Dated: September 30, 2023

UDIN: AR202310247UGAMsjHqa


Ilyas Saeed & Co
Chartered Accountants



DOLLAR EAST EXCHANGE COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

ASSETS	Note	2023 Rupees	2022 Rupees
NON CURRENT ASSETS			
Property and equipment	4	67,229,118	68,950,639
Long term investments	5	184,729,113	137,385,742
Long term deposits and prepayments	6	36,033,983	27,331,965
Deferred taxation	7	837,089	721,165
		288,829,303	234,389,511
CURRENT ASSETS			
Trade deposits and short term prepayments	8	33,819,632	22,548,986
SBP inward incentive receivable	9	167,598,968	92,528,643
Cash and bank balances	11	1,100,082,197	1,061,731,027
		1,301,500,797	1,176,808,656
TOTAL ASSETS		1,590,330,100	1,411,198,167
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	1,200,000,000	1,000,000,000
Revenue reserve - unappropriated profit		299,640,061	268,850,778
		1,499,640,061	1,268,850,778
DEFERRED LIABILITIES	13	2,886,514	2,486,777
NON CURRENT LIABILITIES			
Long term finance-secured	14	-	-
Deferred grant	15	-	-
CURRENT LIABILITIES			
Trade and other payables	16	58,561,309	54,833,114
Liabilities against assets subject to Ijarah arrangement	17	-	-
Current portion of long term finance- secured	14	-	38,927,181
Current portion of deferred grant	15	-	656,052
Provision for taxation	10	29,242,216	45,444,265
		87,803,525	139,860,612
CONTINGENCIES AND COMMITMENTS	18	-	-
TOTAL EQUITY AND LIABILITIES		1,590,330,100	1,411,198,167

The annexed notes from 1 to 30 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

DOLLAR EAST EXCHANGE COMPANY (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

PARTICULARS	Note	2023 Rupees	2022 RUPEES
Revenue	19	1,008,918,712	785,407,866
Operating expenses			
Administrative expenses	20	(680,720,296)	(532,713,068)
Operating profit		<u>328,198,416</u>	<u>252,694,799</u>
Other income	21	28,333,174	309,008
		<u>356,531,590</u>	<u>253,003,807</u>
Financial charges	22	(13,375,473)	(3,851,173)
Profit before taxation		<u>343,156,117</u>	<u>249,152,633</u>
Taxation	25	(112,366,834)	(76,749,421)
Profit after taxation		<u>230,789,283</u>	<u>172,403,212</u>
Other comprehensive income		-	-
Total comprehensive income		<u><u>230,789,283</u></u>	<u><u>172,403,212</u></u>
Earnings per share- basic and diluted	26	<u><u>19.23</u></u>	restated <u><u>14.37</u></u>

The annexed notes from 1 to 30 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

DOLLAR EAST EXCHANGE COMPANY (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

PARTICULARS	Note	2023 Rupees	2022 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before taxation		343,156,117	249,152,633
Adjustments for non-cash & other items:			
Depreciation		13,343,762	10,155,511
Amortization of renovation		1,756,222	2,010,116
Gain on sale of vehicles		(1,122,919)	(7,942)
Finance charges		13,375,473	3,851,173
Provision for gratuity		399,737	344,380
Cash flow before working capital changes		370,908,392	265,505,872
Changes in working capital:			
(Increase) / decrease in current assets			
Trade deposits and short term prepayments		(11,270,646)	(596,942)
SBP Inward Incentive Receivable		(75,070,326)	(92,528,643)
Increase / (decrease) in current liabilities			
Trade and other payables		(35,133,874)	144,314
Net working capital changes		(121,474,846)	(92,981,271)
Finance charges paid		(13,375,473)	(3,851,173)
Taxes paid		(129,405,972)	(9,768,664)
Total payments made		(142,781,445)	(13,619,837)
Net cash inflow from operating activities		106,652,101	158,904,763
CASH FLOW FROM INVESTING ACTIVITIES			
Additions in tangible assets		(13,437,720)	(23,615,247)
Sale of property and equipment		2,938,400	151,100
Additions in office improvements		(1,006,248)	(500,000)
Long term deposits		(9,451,992)	23,271,703
Long term investment		(47,343,371)	(333,863)
Net cash (outflow) from investing activities		(68,300,931)	(1,026,307)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loan		-	(26,897,011)
Right Share issue during the year		-	100,000,000
Net cash inflow from financing activities		-	73,102,989
Net increase in cash and cash equivalents		38,351,170	230,981,445
Cash and cash equivalents at the beginning of the year		1,061,731,027	830,749,582
Cash and cash equivalents at the end of the year		1,100,082,197	1,061,731,027

The annexed notes from 1 to 30 form an integral part of these financial statements.

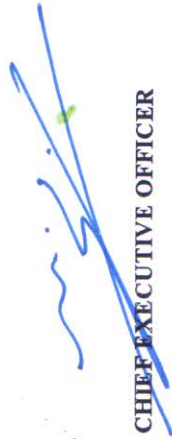

CHIEF EXECUTIVE OFFICER


DIRECTOR

DOLLAR EAST EXCHANGE COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

PARTICULARS	SHARE CAPITAL	REVENUE RESERVE - UNAPPROPRIATED PROFIT	TOTAL
-----RUPEES-----			
Balance as at June 30, 2021	800,000,000	196,447,566	996,447,566
Issued 1,000,000 shares of Rs. 100/-each	100,000,000	-	100,000,000
Issue of 1,000,000 bonus shares of Rs. 100/-each	100,000,000	(100,000,000)	-
Total comprehensive income for the year	-	172,403,212	172,403,212
Balance as at June 30, 2022	1,000,000,000	268,850,778	1,268,850,778
Issue of 2,000,000 bonus shares of Rs. 100/-each	200,000,000	(200,000,000)	-
Total comprehensive income for the year	-	230,789,283	230,789,283
BALANCE AS AT JUNE 30, 2023	1,200,000,000	299,640,061	1,499,640,061

The annexed notes from 1 to 30 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

DOLLAR EAST EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1 CORPORATE AND GENERAL INFORMATION

1.1 LEGAL STATUS AND NATURE OF BUSINESS

Dollar East Exchange Company (Private) Limited is a large-sized company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), vide registration No. 0044608 (old 12305/20021102). The Company's registered office is located at 97-A Jail Road, Lahore, Pakistan. The Company has been licensed as Exchange Company by the State Bank of Pakistan vide license number -07 – issued on 02-05-2003. The license has further been renewed up to 31-12-2025. The Company has forty five (2022: forty four) branches, and nil (2022: nil) franchisees all over the Pakistan as on June 30, 2023.

The principal activity of the Company is to deal in foreign currency notes, coins, postal notes, money orders, bank draft, traveler's cheques and transfers subject to the regulations, terms and conditions as may be specified by the State Bank of Pakistan from time to time.

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. Accounting and reporting standards 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), 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 NEW AND AMENDED STANDARDS AND INTERPRETATIONS BECOME

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's unconsolidated financial statements other than certain additional disclosures.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	01 April 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	01 January 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	01 January 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	01 January 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	01 January 2022

DOLLAR EAST EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2.3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	01 January 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification liabilities as current or non-current	01 January 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Regarding the classification of debt with covenants	01 January 2024
Amendments to IAS-7 and IFRS-7 - Regarding supplier finance arrangements	01 January 2024
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	01 January 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	01 January 2023
Amendments to 'IAS 12 Income Taxes' -International Tax Reform — Pillar Two Model Rules	01 January 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	01 January 2023
Amendments to IFRS 16 'Leases' - clarification on how seller-lessee subsequently measures sale and leaseback transactions	01 January 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
IFRS 1 -- First Time Adoption of International Financial Reporting Standards	
IFRS 17 -- Insurance Contracts	

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

2.4 BASIS OF MEASUREMENT

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

2.5 FUNCTIONAL & PRESENTATION CURRENCY

These financial statements are presented in Pakistani Rupees which is the Company's functional & presentational currency. Amounts presented in these financial statements have been rounded off to the nearest of rupee, unless otherwise stated.



DOLLAR EAST EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2.6 KEY JUDGMENTS & ESTIMATES

The preparation of financial statements in conformity with the approved accounting and financial reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgments 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 these financial statements, are stated in the following accounting policies and notes and relate primarily to:

- Useful lives of property, plant and equipment and method of depreciation
- Renovation on rented property.
- Provision for taxation.
- Provision for amortization of amortized cost.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all the periods presented in these financial statements.

3.1 PROPERTY & EQUIPMENT

Owned assets

All the property and equipment have been valued at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land and capital work in progress which are stated at cost. Cost includes purchase price and all incidental expenses incurred up to the date the asset is put to use. The capital work in progress is transferred to fixed assets as and when assets are available for intended use. All expenses including borrowing costs, if any, as per IAS-23, will be capitalized till the time these assets will start economic benefits.

Depreciation on property and equipment is charged to profit on reducing balance method over its estimated useful life so as to write off the historical cost of an asset at the rates specified. Depreciation on additions is charged on the basis of number of days commencing from the day at which assets become available for use, while on disposals, depreciation is charged up to the day of deletion. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognized 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 repair & maintenance costs are charged to profit during the period in which they are incurred.

An item of property 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 (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income during the year in which the asset is derecognized.



DOLLAR EAST EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

Right-of-use asset

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the estimated useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company has elected not to recognize right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term. The payments associated with such leases are recognised as an expense as disclosed in note no 20.

Ijarah contracts

Ijarah rentals (Ijarah) under Ijarah contracts are recognized as an expense in the profit and loss account on a straight-line basis over the Ijarah term as per Islamic Financial Accounting Standard issued by SECP vide S.R.O 431(I)/2007 dated May 22, 2007.

3.2 IMPAIRMENT

An assessment is made at each statement of financial position date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized as an expense.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined (net of amortization or depreciation), had no impairment loss(es) been recognized for the asset in prior years.

3.3 DEFERRED COSTS

All expenditures incurred during renovation are capitalized unless they are complete and in a condition intended for use by the management. Once the branches are complete and capitalized; the same is amortized over the expected useful life of the renovation. The detailed information and impact of this is provided in Note 6.2 to the financial statements.

3.4 INVESTMENTS

Investments with fixed or determinable payments and fixed maturity, which the Company has the positive intent and ability to hold to maturity, are carried at amortized cost, using the effective interest rate method less impairment losses, if so determined.



DOLLAR EAST EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

3.5 TRADE DEBTORS AND RECEIVABLES

Trade debtors & other receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of a debt becomes doubtful, a provision is made and charged to as an expense.

3.6 TRADE AND OTHER PAYABLES

Trade & other payables are obligations under normal short term credit terms. These are measured at the undiscounted amount of cash to be paid.

3.7 PROVISIONS

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognized at present value using a pre-tax discount rate. The unwinding of the discount is recognized as finance cost in the profit or loss.

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

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

3.8 RELATED PARTY TRANSACTIONS

All transactions with related parties are made at arm's length prices determined in accordance with comparable uncontrolled price method. Parties are said to be related if they are able to influence the operating and financial decisions of each other. The related parties and associated undertakings comprise associated companies, companies in which directors are interested, staff retirement funds, directors and key management personnel.

3.9 REVENUE RECOGNITION

The Company recognizes revenue from contract with customer based on a five step model as set out in IFRS 15.

- i) Identify contract with customer(s): A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- ii) Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.



DOLLAR EAST EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

- iii) Identify performance obligations in the contract: A performance obligation is a promise in a contract a customer to transfer a good or service to the customer.
- iv) Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- v) Recognize revenue when (or as) the Company satisfies a performance obligation.
The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:
 - a) The Company's performance does not create an asset with an alternate use to the Company and the Company has as an enforceable right to payment for performance completed to date.
 - b) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
 - c) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

3.10 TAXATION

Current

Income tax expense represents current tax expense. Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates, if any, or minimum tax, whichever is higher as required under the Income Tax Ordinance, 2001.

Deferred

Deferred taxation is recognized using the balance sheet liability method on all major temporary differences arising between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.



DOLLAR EAST EXCHANGE COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

Off-setting

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

3.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash balances, bank deposits, term deposit receipts and short term borrowings.

3.12 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into Pak rupees at the rates of exchange approximating those prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the exchange rates prevailing at the balance sheet date. Current exchange differences are included in profit and loss account.

3.13 FINANCIAL INSTRUMENTS

3.13.1 FINANCIAL ASSETS

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at fair value through Profit or loss and other comprehensive income. The classification of financial asset at initial recognition depends on the financial assets contractual cash flows characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financial component or for which the Company has applied the practical expedient, the Company initially measures financial asset at its fair value plus, in case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI. It needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at it an instrument level. The Company's business model for managing financial asset refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both. Purchases or sales of the financial assets that require delivery of assets within a time frame established by regulation or convention in a market place (regular way trades) are recognized on the trade date, i.e. the date that the Company commits to purchase or sell the assets.

b) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two categories:

- i) Financial assets at amortized cost (debt instruments).
- ii) Financial assets at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:



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The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on The principal amount outstanding financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes trade and other receivables.

c) Derecognition

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from The asset or has assumed an obligation to pay The received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Company has transferred substantially all the risks and rewards of the asset, or
 - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.13.2 FINANCIAL LIABILITIES

a) Initial recognition and measurement

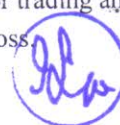
Financial liabilities are classifying, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

b) Subsequent measurement

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.



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Financial Liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedge instruments

Gains or losses on liabilities held for trading are recognized in statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, for the terms of existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition a new liability. The differences in the respective carrying amounts is recognized in the statement of profit or loss.

3.14 STAFF RETIREMENT BENEFITS

Gratuity Scheme

The Company operates a gratuity scheme (defined benefit plan) for its employees, eligible for the scheme, who have completed the qualifying period as defined under the respective scheme.

The amount of liability of each employee is computed by number of years completed multiplied by the last drawn monthly gross salary. The difference between the current and the previous liability is charged to profit or loss account as expense for the year.

Employees' Provident Fund

The Company operated an un-approved funded provident fund scheme for its permanent employees eligible under the Employees Provident Fund Rules of the Company till the year ended June 30, 2020. The employees and the Company were making equal monthly contributions at the prescribed rates of basic salary. The Company discontinued provident fund scheme and replaced it with gratuity scheme from July 01, 2020. The balance standing to the respected employees were paid during the year June 30, 2020.

No other staff retirement benefit plan is maintained by the Company.

3.15 OFFSETTING

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

3.16 DIVIDEND

Dividend is recognized as liability in the period in which it is approved.



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4 PROPERTY AND EQUIPMENT

PARTICULARS	FURNITURE & FIXTURES	VEHICLE	OFFICE EQUIPMENT	COMPUTER & SOFTWARE	TOTAL
COST					
Balance at July 01, 2021	8,280,187	79,387,390	31,370,861	18,909,499	137,947,937
Additions	161,146	9,967,638	11,238,255	2,248,208	23,615,247
Disposals	(6,500)	-	(387,740)	(116,371)	(510,611)
Balance at June 30, 2022	8,434,833	89,355,028	42,221,376	21,041,336	161,052,573
Balance at July 01, 2022	8,434,833	89,355,028	42,221,376	21,041,336	161,052,573
Additions	478,705	5,018,356	1,882,836	6,057,823	13,437,720
Disposals	(38,270)	(2,390,000)	(308,822)	(168,422)	(2,905,514)
Balance at June 30, 2023	8,875,268	91,983,384	43,795,390	26,930,737	171,584,779
ACCUMULATED DEPRECIATION					
Balance at July 01, 2021	4,482,814	49,821,839	16,405,884	11,603,339	82,313,876
Depreciation for the year	578,762	4,477,908	2,725,113	2,373,727	10,155,510
Disposals	(4,672)	-	(267,349)	(95,432)	(367,453)
Balance at June 30, 2022	5,056,903	54,299,747	18,863,649	13,881,634	92,101,934
Balance at July 01, 2022	5,056,903	54,299,747	18,863,649	13,881,634	92,101,932
Depreciation for the year	537,100	5,809,740	3,703,611	3,293,311	13,343,762
Disposals-Adjustment	(29,110)	(726,368)	(202,875)	(131,680)	(1,090,033)
Balance at June 30, 2023	5,564,892	59,383,118	22,364,385	17,043,265	104,355,660

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CARRYING AMOUNTS

At June 30, 2022	3,377,930	35,055,281	23,357,727	7,159,702	68,950,639
At June 30, 2023	3,310,376	32,600,266	21,431,005	9,887,472	67,229,118
Rate of depreciation	15%	15%	15%	30%	

4.1

PARTICULARS	SOLD TO	COST	NET BOOK VALUE	SALE PROCEEDS	GAIN/(LOSS) ON PROCEEDS
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No operating fixed assets having net book value exceeding Rs 500,000 were disposed-off during the year ended June 30, 2023.

2022	-	-	-	-	-
2023	GIFT University	2,390,000	1,663,632	2,750,000	1,086,368

Fixed Asset sold having book value less than Rs.500,000

2022		510,611	143,158	151,100	7,942
2023		515,514	151,849	188,400	36,551

TOTAL

YEAR ENDED JUNE 30, 2022		510,611	143,158	151,100	7,942
YEAR ENDED JUNE 30, 2023		2,905,514	1,815,481	2,938,400	1,122,919

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		2023 Rupees	2022 Rupees
5 LONG TERM INVESTMENTS	Note		
At Amortized cost			
GOP Ijara-Sukuk Bonds	5.1	184,729,113	137,385,742
		<u>184,729,113</u>	<u>137,385,742</u>
5.1 Investments in GOP Ijara-Sukuk bonds			
Cost	5.1.1	180,000,000	135,000,000
Premium paid on purchase		342,256	229,621
Less: Amortization		(95,493)	(59,865)
	5.1.2	246,762	169,756
Advance profit paid on purchase		983,664	-
		<u>181,230,426</u>	<u>135,169,756</u>
Accrued profit	19.2	3,498,687	2,215,986
		<u>184,729,113</u>	<u>137,385,742</u>
5.1.1 Cost			
Opening balance		135,000,000	135,000,000
Movement during the year:			
Add: Purchases	5.1.3	45,000,000	-
Less: Redeemed		-	-
Net movement		45,000,000	-
Closing balance		<u>180,000,000</u>	<u>135,000,000</u>
5.1.2 Premium paid on purchase			
Opening balance		169,756	229,621
Less: Paid on redeemed bonds		-	-
Add: Paid on new purchase bonds		172,500	-
Less: Amotization during the year	5.1.3	(95,493)	(59,865)
		<u>246,762</u>	<u>169,756</u>

5.1.3 GOP Ijarah Sukuk bonds purchase by the Company having face value of Rs. 45 million (2022: nill) at premium of Rs. 172,500 (2022: nill). This premium paid is being amortized over the remaining life of the bonds.

5.1.4 These Ijara-Sukuk bonds are kept with State Bank of Pakistan as part of SLR balance.

		2023 Rupees	2022 Rupees
6 LONG TERM DEPOSITS AND PREPAYMENTS	Note		
Balance with SBP Current Account	6.1	28,861,365	19,409,373
Deferred cost	6.2	7,172,618	7,922,592
		<u>36,033,983</u>	<u>27,331,965</u>

6.1 For carrying on business of currency exchange, the Company is required to maintain a Statutory liquidity reserve (SLR) equal to 15% (2022: 15%) of the issued share capital including the share capital of franchises, if any, with the State Bank of Pakistan in the form of "Unencumbered Approved Government Securities" under the rules and regulations of Exchange Policy Department. This reserve is in addition to the IASBs (Ref note 5.1.4).

		2023 Rupees	2022 Rupees
6.2 Deferred Cost	Note		
Opening balance		7,922,592	9,432,708
Addition during the year		1,006,248	500,000
		<u>8,928,840</u>	<u>9,932,708</u>
Amortized during the year	6.2.1	(1,756,222)	(2,010,116)
		<u>7,172,618</u>	<u>7,922,592</u>

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- 6.2.1 Major renovation and construction expenses incurred on rented premises to bring it into workable condition are capitalized. These expenditures are amortized over the period spanning the anticipated rent agreement period of the respective properties.

7 DEFERRED TAXATION	Note	2023 Rupees	2022 Rupees
Deferred tax comprises temporary differences related to:			
Taxable temporary differences		-	-
Deductible temporary differences			
Provision for gratuity		837,089	721,165
Net deferred tax asset at the end of the year.		837,089	721,165

PARTICULARS	Deferred Tax Liability	Deferred Tax Assets	Net Asset
		RUPEES	
Balance as at July 01, 2021	-	621,295	621,295
Charged to comprehensive income	-	-	-
Charged to profit and loss	-	99,870	99,870
Balance as at June 30, 2022	-	721,165	721,165
Charged to comprehensive income	-	-	-
Charged to profit and loss	-	115,924	115,924
Balance as at June 30, 2023	-	837,089	837,089

8 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security and deposits	24,331,074	17,076,326
Other advances - unsecured	9,488,558	5,472,660
	33,819,632	22,548,986

9 SBP INWARD INCENTIVE RECEIVABLE

SBP inward incentive receivable	167,598,968	92,528,643
	167,598,968	92,528,643

- 9.1 This amount represent accrued income under State Bank of Pakistans's (SBP) Promotion of Home Remittance Scheme. SBP through its EPD Circular Letter No. 03 of 2022, dated February 03, 2022 introduced Promotion of Home Remittances Scheme. Under this scheme Exchange companies are provided with an incentive of PKR 1 for each USD of home remittances surrendered in inter bank market of Pakistan.

10 PROVISION FOR TAXATION	Note	2023 Rupees	2022 Rupees
Opening balance		(45,444,265)	21,636,363
Advance tax deducted during the year:			
U/S 235 electricity		2,389,389	1,729,336
U/S 236 telephone & internet		1,291,812	909,026
U/S 150 on govt. securities		3,139,488	1,417,579
U/S 234 on motor vehicles		106,090	212,340
U/S 147 advance tax deposited		79,996,140	5,500,000
U/S 137 on purchases		-	383
		86,922,919	9,768,664
Admitted income tax for the year 2021-22		42,483,053	-
Provision for taxation			
- Current year	25	(113,437,193)	(77,470,586)
- Prior year		233,270	621,295
		(113,203,923)	(76,849,291)
		(29,242,216)	(45,444,265)

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		2023	2022
	Note	Rupees	Rupees
11 CASH AND BANK BALANCES			
Cash in hand	11.1	354,378,668	670,253,165
Cash at banks	11.2	582,537,456	761,556,476
Foreign correspondents	11.3	163,166,073	(370,078,614)
		<u>1,100,082,197</u>	<u>1,061,731,027</u>
11.1 Cash in hand			
Cash in hand - head office		71,111,243	419,460,394
Cash in hand - branches		220,621,599	45,234,864
Foreign currency (in PKR)		62,645,826	205,557,907
		<u>354,378,668</u>	<u>670,253,165</u>
11.2 Cash at banks			
Cash at bank -current accounts		190,670,192	674,842,681
Foreign currency at bank (in PKR) - current accounts		391,867,264	86,713,795
		<u>582,537,456</u>	<u>761,556,476</u>
11.3 Foreign correspondents			
Balances with foreign correspondents		179,367,851	(335,341,662)
Outward remittance payable		(16,201,778)	(34,736,952)
		<u>163,166,073</u>	<u>(370,078,614)</u>
12 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
12.1 Authorised Capital			
15,000,000 (2022: 10,000,000) shares of Rs.100/- each		<u>1,500,000,000</u>	<u>1,000,000,000</u>
12.2 Issued, subscribed and paid up Capital			
Opening Ordinary shares of Rs.100 each fully paid in cash		800,000,000	700,000,000
Ordinary shares @ 10% of Rs.100 each issued as fully paid in cash shares:		-	100,000,000
Ordinary shares of Rs.100 each issued as fully paid bonus shares:			
Opening balance		200,000,000	100,000,000
Bonus Share @10% issued- June 30, 2022		-	100,000,000
Bonus Share @20% issued - June 30, 2023		200,000,000	-
Closing Balance		<u>400,000,000</u>	<u>200,000,000</u>
		<u>1,200,000,000</u>	<u>1,000,000,000</u>
13 DEFERRED LIABILITIES			
Staff retirement benefits - Gratuity Scheme	13.1	2,886,514	2,486,777
		<u>2,886,514</u>	<u>2,486,777</u>
13.1 Staff retirement benefits - Gratuity Scheme			
Opening net liability		2,486,777	2,142,397
Expenses for the year charged to profit or loss account		399,737	344,380
Benefit paid during the year		-	-
Closing net liability		<u>2,886,514</u>	<u>2,486,777</u>
13.2 Provision for gratuity comprise of one month salary. Company started gratuity provisioning during previous year thus no actuarial valuation has been done being the second year of such retirement benefit. Previously the Company was maintaining Contributory Provident Fund which was discontinued.			
14 LONG TERM FINANCE-SECURED	Note	2023 Rupees	2022 Rupees
Long term loan	14.1	-	38,927,181
Less: Current portion shown under current liability		-	(38,927,181)
		<u>-</u>	<u>-</u>

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- 14.1 This represents amount of loan against facility of Rs 115,526,000/- under SBP Refinance Scheme of Salaries and Wages from the Bank of Punjab. The remaning amount PKR 38,927,181/- was repaid during the year.

This facility was secured by first charge of Rs.154 million over the Company's Present & Future Fixed Assets to be registered with SECP for Refinance I & II. The Personal guarantee of Directors/ Mortgagors/ shareholders have also been furnished.

		2023	2022
	Note	Rupees	Rupees
14.2 The reconciliation of carrying amount is as follows:			
Opening balance		29,419,730	81,901,622
Loan received during the year		-	-
Transfer to deferred grant		-	-
Repayment		(39,361,419)	(52,481,892)
		(9,941,689)	29,419,730
Add: Accrued markup		9,941,689	9,507,451
Less: Current portion shown under current liability		-	(38,927,181)
		-	-

15 DEFERRED GRANT

Opening balance		656,052	4,502,230
Received during the year		-	-
Transfer to profit or loss during the year		(656,052)	(3,846,178)
Closing balance	15.1	-	656,052
Represented by:			
Non-current portion		-	-
Current portion		-	656,052
		-	656,052

- 15.1 Government grant has been recognized against loan obtained under the SBP refinance scheme of salaries and wages in lieu of below market-interest rate payable on this loan. There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date.

		2023	2022
	Note	Rupees	Rupees
16 TRADE AND OTHER PAYABLES			
Accrued liabilities	16.1	29,584,205	23,801,356
Bills payable - unsecured		4,704,179	5,372,196
Other payables	16.2	24,272,925	25,659,562
		58,561,309	54,833,114

16.1 Accrued liabilities

Telephone, postage & telegrams		536,853	401,113
Directors' remuneration		1,200,000	800,000
Staff salary		22,956,809	19,481,656
Audit fee		630,000	551,250
Employee old age benefits		505,925	553,982
Social security		499,080	428,795
Utilities payable		3,255,538	1,584,560
		29,584,205	23,801,356

16.2 Other payables

Income tax withheld		662,383	876,994
Other payables		1,757,190	14,398,105
T.T payable		21,067,132	9,391,202
Rent and rates payable		786,220	993,261
		24,272,925	25,659,562

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17 LIABILITIES AGAINST ASSET SUBJECT TO IJARAH ARRANGEMENT	Note	2023 Rupees	2022 Rupees
Opening		-	-
Addition during the year		-	-
paid during the year		-	-
Closing liability		-	-

18 CONTINGENCIES & COMMITMENTS

18.1 Contingencies

18.1.1 An appeal has been filed against the Company by Mr. Shahid Hussain under Consumer Protection Act, 2005 before the Honorable Consumer Court, Sialkot for claim of Rs. 38,200,000/-, in which concern court imposed a penalty of Rs. 1,000,000/- to the company against which on behalf of the company an appeal has been filed before the Honorable Lahore High Court Lahore. The decision of the consumer protection court Sialkot has been suspended by Honorable Lahore High Court Lahore. The Appeal of the company in Lahore High court has been filed on sound and strong footing in my opinion. there is a good hope of dismissal of the decision of the consumer protection court Sialkot.

However, an execution petition has also been filed by Mr. Shahid Hussain against the Company on the basis of the order passed by the honorable Consumer Court, Sialkot. This petition has been adjourned sine die. If the aforesaid appeal, filed by the Company against the order of the Consumer Court, is allowed then this petition would be dismissed.

18.1.2 A petition for recovery of rupees 5,100,600/-has been filed by Waseem against the company, the case is pending before Honourable consumer protection court Gujrat. The case is pending adjudication and in view of the legal advisor of the Company the case will hopefully be dismissed and the Company will not be liable to pay any amount in this regard. Therefore, no provision in this regard has been made in these financial statements.

18.1.3 The Company has filed a second appeal before the Appellate Tribunal Inland Revenue, Islamabad, against the order of the Commissioner of Inland Revenue (Appeals), Islamabad. The order has confirmed the additions made vide orders passed u/s 161 & 205 of the Income Tax Ordinance, 2001 for the Tax years 2010, 2011 & 2012 by the Deputy Commissioner, Inland Revenue Enforcement-1, Large Taxpayer Unit, Islamabad. The Department has recovered the total amount demanded vide the aforesaid orders in respect of above mentioned years. The Appeal filed with ATIR has not yet been heard.

18.1.4 The Company has filed 2nd appeal before ATIR Islamabad against the order no 197/2020 passed u/s 161/205 dated April 8, 2020 in respect of Tax Year 2013 which created a demand of tax amounting to Rs. 8.81 million. In view of the legal advisor of the Company, the case is not justified and Company will not be liable to pay any amount in this regard as remand back case for vexing taxpayer twice for the same cause. Therefore, no provision in this regard has been made in these financial statements.

18.1.5 Taxpayer has filed Application for Rectification u/s 221 for Tax year - 2010, 2011, 2012 and 2013 respectively, which are still pending for final decision by the Commissioner FBR. The outcome of such Applications effected only for Tax year - 2013 by creating Liability of Rs. 1,573,272, in view of the legal advisor of the Company the case will hopefully be dismissed and the Company will not be liable to pay any amount in this regard. Therefore, no provision in this regard has been made in these financial statements.

18.1.6 2nd Appeal filed u/s 131/161(1) for Tax year-2016 against disputed tax demand of Rs. 29.63 Million. It is also noted that 2nd appeal filed before ATIR-Lahore since 08-04-2020 on the basis of Remand back case for vexing taxpayer twice for the same cause. However, case yet not fixed for main hearing.

18.1.7 The Company has not accounted for provision for WWF, as the general industry practice as well as the opinion of the legal advisor as the case is pending adjudication before the Courts.

18.2 Commitments

The Company has no commitments as at June 30, 2023

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		2023	2022
19	REVENUE	Rupees	Rupees
	Exchange gain	588,700,935	511,645,040
	Commission	194,009,601	171,389,931
	SBP inward incentive scheme	203,995,548	92,528,643
	Profit on investment against SLR	22,212,628	9,844,252
		<u>1,008,918,712</u>	<u>785,407,866</u>
19.1	Profit on investment, against SLR		
	Income on Ijarah Sukuks bonds	22,212,628	9,844,252
		<u>22,212,628</u>	<u>9,844,252</u>
19.2	Income on Ijarah Sukuks Bonds		
	Mark up received during the year	20,929,927	9,450,525
	Adjustment of mark up for prior period	(2,215,986)	(1,822,259)
	Adjustment of advance profit paid	-	-
	Net mark up received	18,713,941	7,628,266
	Add: accrued mark up	3,498,687	2,215,986
		<u>22,212,628</u>	<u>9,844,252</u>
20	ADMINISTRATIVE EXPENSES		
	Director's remuneration	14,202,993	9,600,001
	Salaries, wages and benefits	342,046,906	270,985,899
	Advertisement	4,933,013	28,715,421
	Postage, telegram & telephone	9,116,033	8,120,998
	Legal & professional charges	5,595,851	4,319,697
	Auditor's remuneration	630,000	551,250
	News papers and periodicals	75,985	54,895
	Travelling and conveyance	2,291,189	1,543,911
	Printing and stationary	12,999,753	5,007,663
	Rent, rates and taxes	76,703,090	59,485,632
	FC rates screen expense	1,728,474	1,079,413
	Entertainment	39,669,836	27,242,555
	Utilities	46,315,134	33,458,391
	Vehicle running and maintenance	38,817,211	24,832,754
	Repair and maintenance	9,362,330	4,098,956
	Import and export of currency expenses	45,829,513	34,181,845
	Depreciation	13,343,762	10,155,511
	Amortization of renovation	1,756,222	2,010,116
	Security expenses	1,749,116	1,062,588
	Leased cars rental payments	-	349,263
	Donations	5,240,140	221,150
	Web site expenses	1,755,148	308,000
	State Bank of Pakistan penalty	275,000	460,000
	Staff training and development	1,431,690	2,124,707
	Amortization of investments	95,493	59,865
	Miscellaneous	2,589,224	1,861,687
	Biometric verifications expense	1,127,530	820,900
	Uniform & Accessories Expense	1,039,660	
		<u>680,720,296</u>	<u>532,713,068</u>

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20.1 Remuneration of Chief Executive and Directors

	Chief Executive		Directors		Executives	
	2023	2022	2023	2022	2023	2022
Remuneration	3,305,455	3,000,000	13,090,909	8,727,273	22,049,455	18,994,182
Medical	330,545	300,000	1,309,091	872,727	2,204,945	1,899,148
Bonus	606,000	412,500	-	-	4,042,400	2,699,200
Utilities	-	-	-	-	-	-
	<u>4,242,000</u>	<u>3,712,500</u>	<u>14,400,000</u>	<u>9,600,000</u>	<u>28,296,800</u>	<u>23,592,530</u>

20.2 Salaries, wages and benefits

Note

	2023	2022
	Rupees	Rupees
Salaries, wages and benefits	329,249,784	261,193,730
Employees old age benefits expense	6,665,619	4,693,292
Social security expense	6,131,503	5,098,877
	<u>342,046,906</u>	<u>270,985,899</u>

20.2.1 Salaries, wages and benefits include provision for gratuity Rs.399,737/- (Rs.344,380/-) (Re: Note 13). Provision for gratuity comprise of one month salary of eligible employees commencing from July 01, 2021. The Company started gratuity provisioning during the previous year thus, no actuarial valuation has been done being the second year of such retirement benefit. Previously the Company was maintaining Contributory Provident Fund which was discontinued.

20.3 During the year, the Company incurred marketing expenses of nil (2022: Rs. 28,715,421/-). Out of the total expense the State Bank of Pakistan reimbursed an amount of Rs. 26,754,482 (2022: Rs. Nil /-) in line with vide EPD Circular Letter No.08 of 2021 dated July 02, 2021 pertaining to incentive scheme for marketing of home remittances, The amount reimbursed has been classified to other income during the year. (refer note 21)

	2023	2022
	Rupees	Rupees
20.4 Auditor's remuneration		
Audit fee	550,000	500,000
Out of pocket expenses	80,000	51,250
	<u>630,000</u>	<u>551,250</u>

20.5 Utilities

Electricity expense	26,970,773	19,873,673
Gas expense	275,858	311,431
Generator expense	7,581,405	3,670,279
UPS expense	565,387	195,160
Internet expenses	7,860,830	6,748,144
Drinking water expense	932,522	795,332
Cleaning and hygiene	2,128,359	1,864,372
	<u>46,315,134</u>	<u>33,458,391</u>

21 OTHER INCOME

Income from financial assets

Income from assets other than financial assets:

Gain on sale of fixed assets		1,122,919	7,942
SBP Incentive Home Remittance	21.1	26,754,482	-
Miscellaneous income		455,773	301,066
		<u>28,333,174</u>	<u>309,008</u>

21.1 The State Bank of Pakistan reimbursed the marketing of home remittance expenses incurred during FY 2021-2022 in line with vide EPD Circular Letter No.08 of 2021 dated July 02, 2021 pertaining to incentive scheme for marketing of home remittances.

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22 FINANCIAL CHARGES	Note	2023	2022
		Rupees	Rupees
Bank charges		12,975,560	2,070,685
Interest expense		399,913	1,780,488
		<u>13,375,473</u>	<u>3,851,173</u>
23 NUMBER OF EMPLOYEES		2023	2022
Number of employees at the end of the year		<u>503</u>	<u>497</u>
Average number of employees during the year		<u>500</u>	<u>483</u>



24 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

24.1 Financial Instruments and Financial risk management

The Company's activities are exposed to a variety of financial risks namely credit risk, interest rate risk, foreign exchange risk and liquidity risk. Overall, risks arising from the Company's financial instruments are limited. The Company manages its exposure to financial risk in the following manner:

Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting if counter parties fail to perform as contracted. The Company does not have any significant exposure to individual customer.

24.1.2 Interest Rate Risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

The Company is exposed to interest rate risk on investment in GOP-Ijarah Sukuks and long term borrowings. Investment in GOP-Ijarah Sukuks is at variable rates expose the Company to cash flow risk and borrowing is at fixed rate expose the Company to fair value interest rate risk. Significant interest rate risk exposures are primarily managed by a suitable mix of investments. At June 30, 2023, the Company's interest bearing financial assets amounted to Rs.184,729,113/- (2022: Rs.137,385,742/-) and interest bearing financial liabilities amounting to nil (2022: Rs.38,927,181/-).



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At June 30, 2023, if the interest rate on the Company's investment had been 1% higher / lower with other variables held constant, profit before tax for the year would have been higher / (lower) by Rs.1,847,291/- (2022: Rs.1,373,857/-) mainly as a result of higher / (lower) interest income.

24.1.3 Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

The Company operates as a exchange company and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Company's exposure to foreign currency risk for cash and bank balances in foreign currency at the reporting date is as follows:

	2023			2022		
	Quantity	Rate	5 % Variance*	Quantity	Rate	5 % Variance*
AED (UAE Dirham)	(16,528.92)	77.86	(64,349)	367,247.30	55.77	1,024,058
AUD (Australian Dollar)	(31,590.00)	191.73	(302,834)	(6,842.56)	140.90	(48,207)
AZN (Azerbaijani Manat)	13.00	102.00	66	40.00	102.00	204
BHD (Bahraini Dinar)	139.00	758.60	5,272	1,436.11	543.35	39,016
BRN (Brazilian Real)	-	-	-	712.00	116.00	4,130
CAD (Canadian Dollar)	400.00	217.84	4,357	27,570.00	158.65	218,705
CHF (Swiss Franc)	110.00	319.75	1,759	9,000.00	214.39	96,474
CNY (Chinese Yuan)	14,675.00	39.67	29,108	15,502.00	30.60	23,718
DKK (Danish Krone)	58,000.00	42.02	121,846	197,050.00	28.74	283,138
EGP (Egyptian Pound)	-	-	-	26.00	5.00	7
EURO	9,911.06	312.93	155,074	73,334.41	213.81	783,977
GBP (Pound Sterling)	(2,103.70)	364.14	(38,302)	(20,382.84)	248.48	(253,235)
HKD (Hong Kong Dollar)	50.00	36.52	91	38,810.00	26.11	50,665
IQD (Iraqi Dinar)	105,000.00	0.785	4,121	330,000.00	0.06	990
JOD (Jordanian Dina)	-	-	-	58.00	255.67	741
JPY (Japanese Yen)	-	-	-	4,459,000.00	1.50	335,451
KRW (South Korean Won)	11,000	0.22	121	333,000.00	0.16	2,627
KWD (Kuwaiti Dinar)	155.50	930.71	7,236	9,587.50	667.37	319,922
MYR (Malaysian Ringgit)	25,111.00	61.31	76,972	12,045.00	46.49	27,997
NOK (Norwegian Krone)	-	-	-	241,050.00	20.66	248,946
NZD (New Zealand Dollar)	-	-	-	1,765.00	127.48	11,250
OMR (Omani Ria)	70.00	742.87	2,600	9,059.82	532.76	241,336
PHP (Philippine Peso)	-	-	-	(65,289.05)	3.00	(9,793)
QTR (Qatari Rial)	469.00	78.51	1,841	49,880.00	55.92	139,473
SAR (Saudi Riyal)	112,458.00	76.25	428,769	1,188,575.99	54.60	3,244,527
SEK (Swedish Krona)	57,440.00	20.01	57,466	57,440.00	20.01	57,466

DOLLAR EAST EXCHANGE COMPANY (PRIVATE) LIMITED
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SGD (Singapore Dollar)	-	-	1,252.00	147.26	9,218
STP (Scottish Pound)	10.00	212.00	855.00	212.00	9,063
THB (Thai Baht)	44,850.00	8.12	18,214	5.84	3,858
TRL (Turkish Lira)	15,555.00	11.04	8,586	12.20	22,636
USD (US Dollar)	2,126,938.5	285.99	30,414,211	204.85	(10,826,740)
ZAR (South African Rand)	510.00	15.47	41,120.00	12.63	25,963
ZMK (Zambian Kwacha)	-	-	(771.26)	11.00	(424)
	<u>2,532,642.47</u>		<u>30,932,725.89</u>		<u>(3,912,845.54)</u>

*At June 30, 2023, if the Pakistani Rupee had strengthened / weakened by 5% against above currencies with all other variables held constant, profit before tax for the year would have been higher / (lower) by the amount shown above mainly as a result of net foreign exchange gains / (losses) on translation of foreign denominated financial assets and liabilities.

24.1.4

Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	2023		
	Carrying amount	Contractual cash flows	Less than 1 year
	-----Rs.-----		
Trade and other payables	58,561,309	58,561,309	58,561,309
Liabilities against assets subject to Ijarah arrangement	-	-	-
Current portion of long term finance- secured	-	-	-
Current portion of deferred grant	-	-	-
	<u>58,561,309</u>	<u>58,561,309</u>	<u>58,561,309</u>
	-----Rs.-----		
	Carrying amount	Contractual cash flows	Less than 1 year
Trade and other payables	54,833,114	54,833,114	54,833,114
Liabilities against assets subject to Ijarah arrangement	-	-	-
Current portion of long term finance- secured	38,927,181	38,927,181	38,927,181
Current portion of deferred grant	656,052	656,052	656,052
	<u>94,416,348</u>	<u>94,416,348</u>	<u>94,416,348</u>

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24.2 Capital Risk Management

The company's prime objectives when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders, issue new shares or sell assets to reduce debts. Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debts. The gearing ratio as at period ended June 30, 2023 and June 30, 2022 are as follows:-

	2023	2022
	Rupees	Rupees
Total borrowing	-	38,927,181
Total equity	1,499,640,061	1,268,850,778
Gearing ratio	0%	3.07%

24.3 Fair Value of Financial Instruments

The carrying amounts of financial assets and financial liabilities approximate their fair values.



DOLLAR EAST EXCHANGE COMPANY (PRIVATE) LIMITED
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25 TAXATION	Note	2023 Rupees	2022 Rupees
For the year			
-Current	10	113,437,193	77,470,586
-Deferred tax	7	(837,089)	(99,870)
		112,600,104	77,370,716
Prior years			
-Current		(233,270)	(621,295)
-Deferred tax		-	-
		(233,270)	(621,295)
		112,366,834	76,749,421

25.1 Numerical reconciliation between average effective tax rate and the applicable tax rate.

	%	%
Applicable tax	29.00	29.00
Effect of change in prior year	0.07	(0.25)
Effect of admissible / inadmissible expenses	0.07	0.09
Effect of super tax	4.00	2.00
Effect of income exempt for tax purposes	-	-
Others	(0.08)	-
	4.06	1.84
Average effective tax rate	33.056	30.84

26 EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share

Earnings per share has been computed by dividing profit after taxation for the year by the weighted average number of shares outstanding during the year as follows:

	Note	2023 Rupees	2022 Rupees
Profit after taxation attributable to ordinary shareholders - Rupees		230,789,283	172,403,212
Weighted average number of shares of Rs. 100 each		12,000,000	12,000,000
Earnings per share - basic and diluted	26.1	19.23	14.37

26.1 As disclosed in note 12 to these financial statements, the Company has approved and issued 2,000,000 (2022: 1,000,000) bonus shares during the year. The effect of these has been accounted for in these financial statements and the prior year EPS has been restated as per requirements of the applicable financial reporting framework

Diluted earning per share

The Company has not issued any instrument carrying options which would have a dilutive impact on earning per share when exercised therefore the earning per share and diluted earning per share remain the same.



DOLLAR EAST EXCHANGE COMPANY (PRIVATE) LIMITED
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27 RELATED PARTY TRANSACTIONS

The related parties and associated undertakings comprise, associated companies, companies in which directors are interested, directors and key management personnel's. The Company in the normal course of business carries out transactions with various related parties. It has a policy whereby all transactions with related parties are entered into at arm's length prices. Remuneration of Chief Executive and Directors is disclosed in Note 20.1. Disposal of vehicles to employees are disclosed in Note 4.1. Other transactions with related parties during the period are as follows:-

Name of Related Party	Basis of Relationship	Nature of transaction	2023 Rupees	2022 Rupees
Muhammad Rizwan	Acting CEO	Remuneration	4,242,000	3,712,500
Ihsan-ul-Haq Abbasi	Director	Remuneration	7,200,000	4,800,000
Hafeez-ur-Rehman	Director	Remuneration	7,200,000	4,800,000
Chain Designer (Pvt) Limited	Common Shareholders	Rent	1,707,015	1,552,844

28 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of better comparison. Other than as disclosed in note 26.1 , there has been no significant re-classifications or rearrangement of corresponding figures in these financial statements.

29 DATE OF AUTHORIZATION OF ISSUE

The financial statements were authorized for issue by the Board on September 30, 2023

30 GENERAL

Figures have been rounded off to the nearest rupee.


CHIEF EXECUTIVE OFFICER


DIRECTOR