

**BHAYANI SECURITIES (PRIVATE) LIMITED  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**



CH International  
Pakistan

**Saud Ansari Safdar & Co.**  
Chartered Accountants

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**CH International (Group) Ltd**

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### AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the annexed balance sheet of BHAYANI SECURITIES (PRIVATE) LIMITED as at June 30, 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended, and we have to 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification thereof, we report that:

- (a) In our opinion proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) In our opinion:
  - (i) The balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied;
  - (ii) The expenditure incurred during the year was for the purposes of the company's business; and
  - (iii) The business conducted, investment made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) In our opinion and to the best of our information and according to the explanation given to us, the balance sheet, and the profit and loss account, the cash flow statement and the statement of changes in equity, together with the notes forming part thereof, confirm with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 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, 2015 and of the profit, its cash flows and changes in equity for the year then ended : and
- (d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

  
Saud Ansari Safdar & Co.  
Chartered Accountants  
Audit Engagement Partner: SAUD ANSARI



Karachi  
Dated: October 09, 2015

**BHAYANI SECURITIES (PRIVATE) LIMITED**  
**BALANCE SHEET AS AT JUNE 30, 2015**

	Note	2015 Rupees	2014 Rupees
<b>NON CURRENT ASSETS</b>			
Property and Equipment	5	3,965,518	5,243,341
Intangibles	6	20,455,000	20,455,000
Long Term Investments	7	54,545,000	54,545,000
Long Term Deposits	8	444,809	440,000
		<u>79,410,327</u>	<u>80,683,341</u>
<b>CURRENT ASSETS</b>			
Short Term Investments	9	-	32,288,794
Trade Debts - Considered Good	10	24,086,989	26,249,259
Advance to Staff - Considered Good		640,200	104,500
Trade Deposits	11	49,400,000	28,100,000
Other Receivables	12	301,500	-
Taxation - Net	13	683,174	209,665
Cash and Bank Balances	14	48,298,554	14,353,841
		<u>123,410,417</u>	<u>101,306,059</u>
		<u>202,820,743</u>	<u>181,989,400</u>
<b>SHARE CAPITAL</b>	15	120,200,000	120,200,000
<b>GAIN ON RE-MEASUREMENT OF INVESTMENTS</b>		-	82,865
<b>UNAPPROPRIATED PROFIT</b>		46,569,672	37,561,930
Shareholders' Equity		<u>166,769,672</u>	<u>157,844,795</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	16	21,551,071	24,144,605
Loan from Directors - Unsecured		14,500,000	-
		<u>36,051,071</u>	<u>24,144,605</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	17	-	-
		<u>202,820,743</u>	<u>181,989,400</u>

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

*Kamran Zaman*  
 DIRECTOR

*Saver Abbas*  
 CHIEF EXECUTIVE



**BHAYANI SECURITIES (PRIVATE) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Note	2015 Rupees	2014 Rupees
<b>OPERATING REVENUE</b>	18	17,924,576	20,433,068
<b>INCOME FROM MUTUAL FUNDS</b>		4,019,597	11,105,598
		<u>21,944,173</u>	<u>31,538,666</u>
Less: Administrative and Operating Expenses	19	13,835,514	13,560,888
Financial Charges	20	157,431	300,383
Workers Welfare Fund		-	168,425
		<u>13,992,945</u>	<u>14,029,696</u>
		<u>7,951,228</u>	<u>17,508,970</u>
<b>OTHER INCOME</b>	21	3,275,822	2,205,304
<b>GAIN/(LOSS) ON SALE OF PROPERTY &amp; EQUIPMENT</b>		531,813	563,214
<b>PROFIT DUE TO REPLACEMENT CLAIM OF SHARES</b>		6,660	-
<b>PROFIT BEFORE TAXATION</b>		<u>11,765,523</u>	<u>20,277,488</u>
<b>TAXATION</b>			
- Current	22	2,757,781	2,941,475
- Prior Year		-	97,577
		<u>2,757,781</u>	<u>3,039,052</u>
<b>NET PROFIT FOR THE YEAR</b>		<u>9,007,742</u>	<u>17,238,436</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Gain / (Loss) on Re-measurement of Investments		(82,865)	(7,516,657)
Add/(Less): Deferred Taxation		-	-
		<u>(82,865)</u>	<u>(7,516,657)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>8,924,877</u>	<u>9,721,779</u>
<b>EARNINGS PER SHARE - Basic and Diluted</b>		<u>7.49</u>	<u>14.34</u>

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

*Kamran*  
 DIRECTOR

*Lawrence Abbar*  
 CHIEF EXECUTIVE



**BHAYANI SECURITIES (PRIVATE) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>2015</b>	<b>2014</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>CASH FROM OPERATING ACTIVITIES</b>		
Net Profit before Taxation	11,765,523	20,277,488
Adjustments for:		
Depreciation	795,436	1,043,338
Loss/(Gain) on sale of Property, Plant & Equipment	(531,813)	(563,214)
Loss on Re-measurement of Investments	(82,865)	-
Provision for Workers' Welfare Fund	-	168,425
Financial Charges	157,431	300,383
<b>Operating profit before working capital changes</b>	<u>12,103,712</u>	<u>21,226,420</u>
<b>(Increase)/Decrease in Operating Assets</b>		
Investments	32,288,794	(12,205,929)
Trade debts	2,162,270	(1,313,023)
Advance to Staff	(535,700)	(31,000)
Trade Deposits	(21,300,000)	(11,800,000)
Other Receivables	(301,500)	1,090,550
	<u>24,417,576</u>	<u>(3,032,982)</u>
<b>Increase/(Decrease) in Operating Liabilities</b>		
Trade & Other Payables	(2,593,534)	8,138,116
<b>Cash generated from/(used in) operations</b>	<u>21,824,042</u>	<u>5,105,134</u>
Financial Charges Paid	(157,431)	(300,383)
Income Tax Deducted and Paid	(3,231,290)	(2,341,168)
<b>Net Cash from/(used in) Operating Activities</b>	<u>18,435,321</u>	<u>2,463,583</u>
<b>CASH FROM INVESTING ACTIVITIES</b>		
Addition to Property & Equipment	(135,100)	(37,000)
Sale proceeds of Property & Equipment	1,149,300	700,000
(Increase) / Decrease in Long Term Deposit	(4,809)	-
<b>Net Cash from/(used in) Investing Activities</b>	<u>1,009,391</u>	<u>663,000</u>
<b>CASH FROM FINANCING ACTIVITIES</b>		
Loan from Directors - Unsecured	14,500,000	-
<b>Net Cash from/(used in) Financing Activities</b>	<u>14,500,000</u>	<u>-</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>33,944,712</u>	<u>3,126,583</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	14,353,842	11,227,259
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>48,298,554</b></u>	<u><b>14,353,842</b></u>

*Kameez Zaidi*  
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 DIRECTOR

*Saim Abbas*  
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 CHIEF EXECUTIVE



**BHAYANI SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Issued, Subscribed & Paid Up Capital	Gain on Re- measurement of Investments	Unappropriated Profit	Total
Balance as at June 30, 2013	120,200,000	7,599,522	20,323,494	148,123,016
Total Comprehensive Income for the Year		(7,516,657)	17,238,436	9,721,779
Balance as at June 30, 2014	120,200,000	82,865	37,561,930	157,844,795
Total Comprehensive Income for the Year		(82,865)	9,007,742	8,924,877
Balance as at June 30, 2015	120,200,000	-	46,569,672	166,769,672

*Kamran Zaidi*  
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 DIRECTOR

*Harun Akbar*  
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 CHIEF EXECUTIVE



**BHAYANI SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015**

**1 STATUS AND NATURE OF BUSINESS**

- 1.1 The company was incorporated in Pakistan on December 23, 2005, under the Companies Ordinance, 1984, as a private company limited by shares. The company is a holder of Trading Right Entitlement Certificate (TRE) of the Karachi Stock Exchange Limited. The principal activity of the company is to carry on the business of stock brokerage, investment in listed securities, and other related activities.
- 1.2 The registered office of the company is situated at 512-514, Karachi Stock Exchange Building, Karachi.

**2 BASIS OF PRESENTATION**

**2.1 Statement of Compliance**

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial reporting Standards (IFRS) issued by the International Accounting Standards Board, as are notified under of the Companies Ordinance, 1984 and the provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

**2.2 Basis of Measurement**

These accounts have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

**2.3 Functional and Presentation Currency**

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

**2.4 Use of Estimates and Judgements**

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

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

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

The estimates and judgements that have a significant effect on the financial statements, are included in the following notes:-

- Useful lives and residual values of property and equipment ( Notes 3.1 and 6 )
- Impairment of Intangibles ( Note 3.2 )
- Impairment and Classification of Investments ( Note 3.3 and 3.4 )
- Income Taxes ( Note 3.8 )
- Trade Debts ( Note 3.7 )



### 3 SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Property and Equipment

Items of Property and Equipment are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged by applying the declining value method, at the rates mentioned in Note No.5, whereby cost of an asset is written off over its estimated useful life. A full year's depreciation is charged in the year of addition and no depreciation is charged in the year of disposal.

Major renewals and improvements are capitalized and normal repairs and maintenance are charged to income as and when incurred. Profit or loss on disposal of items of property and equipment assets is included in income currently.

#### 3.2 Intangibles

These are stated at cost less impairment, if any. Since Trading Right Entitlement Certificate has indefinite useful life, it is not being amortised, however its carrying amount is reviewed at each balance sheet date to assess whether it is in excess of the recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

#### 3.3 Investments

The company determines the appropriate classification of its investments in accordance with the requirements of IAS-39. The investments acquired by the company to date has been classified as " Available-for-Sale".

##### 3.3.1 Financial Assets - Available for Sale

These are the securities which are held by the company and may be sold in response to needs for liquidity or changes in interest rates or equity prices. These are initially recognised at cost including transaction costs and subsequently re-measured to their fair value ( except equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which shall be carried at cost ) and the resulting gains and losses are recognised in other comprehensive income, until the financial asset is derecognised, at that time the cumulative gain or loss previously recognised in other comprehensive income, is reclassified from equity to profit and loss.

##### 3.3.2 Derivatives

Derivatives are classified as " at fair value through profit or loss " unless designated as hedges. Derivative instruments generally comprising future contracts in the stock market, if any held by the company, are stated at fair value. The fair value of the derivative is equivalent to the unrealised gain or loss from marking to market the derivative using prevailing market prices. Derivatives with positive market values (unrealised gains) are included in assets and derivatives with negative market values (unrealised losses) are included in liabilities in the balance sheet. The resultant gains and losses are recognised in the profit and loss account.

##### 3.3.3 Repurchase Agreements Borrowings

Transactions of sale under repurchase (repo) of securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liabilities for assets received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement.

##### 3.3.4 Repurchase Agreements Lending

Transactions of purchase under resale (reverse-repo) of securities including the securities purchased under continuous funding system are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (reverse-repos) are not recognised in the balance sheet. Amounts paid under these agreements in respect of reverse purchase transactions are included in assets. The difference between purchase and resale price is treated as income from reverse repurchase transactions in securities transactions / continuous funding system and accrued over the life of the reverse repo agreement.





### *Regular Way Purchases and sales of Investments - Settlement Date Accounting*

All "regular way" purchases and sales of investments are recognised using the "settlement date accounting". "Regular way" purchases or sales of financial assets are the contracts which require delivery of assets within the time frame generally established by regulations or convention in the market place concerned. "Settlement date" is the date that an asset is delivered to or by an entity. Under the "settlement date accounting" an asset is recognised on the day it is received by the company and it is derecognised on the day it is delivered by the company. "Settlement Date Accounting" requires the company to recognise gain or loss due to changes in the fair value, between the trade date and the settlement date, of the asset to be received, in other comprehensive income, since the company classifies investments as "available for sale". The corresponding debit for gain and credit for loss are shown on the balance sheet as receivable or payable as the case may be. No gain or loss due to change in value is recognised for "assets carried at amortised cost" as per requirements of the International Accounting Standard-39 (IAS-39). A change in the fair value of a financial asset, sold on a regular way basis, between the trade date and the settlement date, is not recorded, because the company's (seller's) right to changes in the fair value ceases on the trade date, however the difference between the cost and the *contractual selling value* (being its fair value) is recognised on the trade date, in equity for available-for-sale investments.

#### **3.4 Impairment**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired, as described in paragraph 59 of IAS-32. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised in other comprehensive income, is removed from equity and recognised in the profit and loss account. The amount of the cumulative loss reclassified from equity to profit and loss shall be the difference between the acquisition cost ( net of any principal repayment and amortisation ) and current fair value, less any impairment loss previously recognised in the profit and loss. Impairment losses recognised in the profit and loss account on equity instruments classified as available-for-sale are not reversed through the profit and loss account. However subsequent increase in fair value of other instruments classified as available-for-sale and the increase can be objectively related to an event occurring after impairment loss was recognised, the impairment loss shall be reversed through profit and loss. Impairment testing of trade debts and other receivables is described in note 4.6.

#### **3.5 Trade Debts**

Trade debts are carried at original invoice amount. Known bad debts are written off and provision is made for debts considered doubtful debts.

#### **3.6 Cash and Cash Equivalents**

Cash and Cash equivalents in the statements of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, excluding bank overdrafts / short term borrowings, which are shown in financing activities section of cash flow statement.

#### **3.7 Trade and Other Payables**

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

#### **3.8 Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

##### ***Current***

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted to the balance sheet date.

##### ***Deferred***

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



A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 3.9 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognised on the following basis:

- \* Brokerage Commission on shares trading, is recognised on the date of the settlement of the share transactions.
- \* Capital Gains / (Losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- \* Dividend Income is recognised when the right to receive the dividend is established.
- \* Income from bank deposits is recognised at effective yield on time proportion basis.
- \* Unrealised Gains / (Losses) arising from mark to market of investments classified as " financial assets available for sale" are included in other comprehensive income for the period to which they belong.

### 4 AVAILABLE CREDIT FACILITIES

The company has unutilised Running Finance facility of Rs. 120 million, sanctioned by Bank Al Habib Limited. The facility carries mark up @ 3 months KIBOR + 2%, and is secured by pledge over mutual fund units and shares.

### 5 PROPERTY AND EQUIPMENT

PARTICULARS	COST			Rate %	DEPRECIATION			W.D.V AS AT 30.06.15
	AS AT 01.07.14	Addition/ (Deletion)	AS AT 30.06.15		AS AT 01.07.14	FOR THE YEAR	AS AT 30.06.15	
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees
Furniture & Fixtures	4,830,706	-	4,830,706	15%	3,166,907	249,570	3,416,477	1,414,229
Office Equipment	5,057,567	41,900	5,099,467	15%	3,199,537	284,990	3,484,527	1,614,941
Computers & Printers	5,341,796	93,200	5,269,446	30%	4,873,564	162,586	4,890,077	379,369
		(165,550)			(146,073)			
Motor Vehicles	3,061,480	-	1,629,480	15%	1,808,199	98,291	1,072,500	556,980
		(1,432,000)			(833,990)			
	<u>18,291,549</u>	<u>(1,462,450)</u>	<u>16,829,099</u>		<u>13,048,207</u>	<u>795,436</u>	<u>12,863,580</u>	<u>3,965,518</u>
<b>2014</b>	<u>18,798,329</u>	<u>(506,780)</u>	<u>18,291,549</u>		<u>12,004,869</u>	<u>1,043,338</u>	<u>13,048,207</u>	<u>5,243,341</u>

**2015**  
Rupees

**2014**  
Rupees

### 6 INTANGIBLES

Membership License - Karachi Stock Exchange Limited

Trading Right Entitlement Certificate - Karachi Stock Exchange Limited

20,455,000

20,455,000

20,455,000

20,455,000

- 6.1 This represents Trading Right Entitlement Certificate (TREC) received from Karachi Stock Exchange Limited in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualisation and Integration) Act, 2012. The TREC has been recorded at Rs. 20,455,000.



	2015 Rupees	2014 Rupees
<b>7 LONG TERM INVESTMENTS</b>		
<i>Available for Sale</i>		
Shares in Karachi Stock Exchange Limited	<u>54,545,000</u>	<u>54,545,000</u>
<p>Pursuant to demutualisation of the Karachi Stock Exchange Limited (KSE), the ownership rights in the stock exchange were segregated from the right to trade on the exchange. As a result of such demutualisation, the Company received 4,007,383 ordinary shares of Rs.10 each from Karachi Stock Exchange Limited with a total face value of Rs. 40,000,000, out of which 2,404,430 shares have been kept in a blocked account with CDC and the disinvestment of the same will be made in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualisation and Integration) Act, 2012.</p> <p>The above cost of Rs. 54,545,000 has been assigned to the shares in KSE, in the absence of an active market of the shares of KSE and TREC, by allocating the carrying cost of membership license of Karachi Stock Exchange costing Rs. 75,000,000 between the shares and TREC. The allocation of the carrying value of the membership license between the shares and TREC has been made by the Company on the basis of the face value of the shares and TREC value determined by the KSE for minimum capital requirement purposes applicable to the Stock Exchange.</p>		
<b>8 LONG TERM DEPOSITS</b>		
Deposit with KSE - Basic Deposit	100,000	100,000
Deposit - NCCPL	300,000	300,000
Tenancy Deposit	30,000	30,000
BMC KSE Deposit	4,809	-
Deposit for Office in New Building KSE	10,000	10,000
	<u>444,809</u>	<u>440,000</u>
<b>9 SHORT TERM INVESTMENTS</b>		
<i>Available - for - Sale</i>		
Listed Equity Securities - At Cost	205,935	205,935
Less: Provision for Replacement Claim of Shares	<u>(205,935)</u>	<u>(205,935)</u>
	-	-
Mutual Fund Units - At Cost	-	32,205,929
	-	<u>32,205,929</u>
<b>Changes due to Fair Market Value</b>		
Opening Balance	82,865	7,599,522
Increase / (decrease) due to re-measurement for the Year	<u>(82,865)</u>	<u>(7,516,657)</u>
	-	82,865
	-	<u>32,288,794</u>
<b>10 TRADE DEBTS</b>		
	<u>24,086,989</u>	<u>26,249,259</u>
Trade debts are unsecured but are considered good.		
<b>11 TRADE DEPOSITS</b>		
Deposit with KSE - Against Exposures and Losses	46,300,000	27,000,000
Deposit with KSE - Future Exposure	<u>3,100,000</u>	<u>1,100,000</u>
	<u>49,400,000</u>	<u>28,100,000</u>



	2015 Rupees	2014 Rupees
<b>12 OTHER RECEIVABLES</b>		
Retained Profit and Deposited Losses on Futures Receivable from KSE	301,500	-
These are considered good.		
<b>13 TAXATION - NET</b>		
Refund Due - Tax Year 2011	-	520,720
Refund Due - Tax Year 2012	-	405,573
Refund Due - Tax Year 2013	-	149,681
Refund Due - Tax Year 2014	209,665	-
	<u>209,665</u>	<u>1,075,974</u>
Less: Prior Years Tax	-	(85,541)
	-	<u>(12,036)</u>
	<u>209,665</u>	<u>978,397</u>
Taxes paid during the Current Year		
Tax on Interest Income	41,199	25,541
Tax on dividends	120,220	74,137
Tax u/s 233A	2,398,816	2,094,413
Tax on Telephone and Mobile	24,698	24,691
Tax on FC Exposure Margin	163,757	118,268
Tax on Fund Income	479,316	1,534
Tax on Commission Income	2,941	2,584
Tax on Capital Gains	343	-
Workers' Welfare Fund Adjusted	-	(168,425)
	<u>3,231,290</u>	<u>2,172,743</u>
	<u>3,440,955</u>	<u>3,151,140</u>
Less: Current Taxation	<u>(2,757,781)</u>	<u>(2,941,475)</u>
	<u>683,174</u>	<u>209,665</u>
<b>14 CASH AND BANK BALANCES</b>		
Cash in Hand	42,564	283,566
Cash at Bank on Call Treasury Accounts	15,382,842	8,228,643
Cash at Bank on Current Accounts	32,873,148	5,841,632
	<u>48,298,554</u>	<u>14,353,841</u>
<b>15 SHARE CAPITAL</b>		
<b>Authorised</b>		
2,500,000 Ordinary shares of Rs. 100/- each	<u>250,000,000</u>	<u>250,000,000</u>
<b>Issued, Subscribed and Paid up</b>		
<b>( Number of Shares )</b>		
<b>2014</b>	<b>2015</b>	
357,500	357,500	Ordinary shares of Rs. 100/- each fully paid up in cash
		35,750,000
		35,750,000
844,500	844,500	Ordinary shares of Rs. 100/- each fully paid up for consideration other than cash
		84,450,000
		84,450,000
<u>1,202,000</u>	<u>1,202,000</u>	<u>120,200,000</u>
		<u>120,200,000</u>





## 19.1 DIRECTORS' REMUNERATION

### *Chief Executive*

	2015 Rupees	2014 Rupees
Managerial Remuneration	1,090,909	800,000
House Rent Allowance	-	320,000
Utilities	109,091	80,000
	<u>1,200,000</u>	<u>1,200,000</u>

### *Directors*

Managerial Remuneration	2,690,909	2,080,000
House Rent Allowance	-	832,000
Utilities	269,091	208,000
	<u>2,960,000</u>	<u>3,120,000</u>

Number of Directors	<u>4</u>	<u>4</u>
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## 20 FINANCIAL CHARGES

Bank Mark up	92,239	242,832
Bank Charges	65,192	57,551
	<u>157,431</u>	<u>300,383</u>

## 21 OTHER INCOME

Share Application Commission	24,043	25,839
Profit on Future Margin with KSE	1,637,562	1,182,691
Dividend Income	1,202,215	741,366
Return on Bank Deposits	412,002	255,408
	<u>3,275,822</u>	<u>2,205,304</u>

## 22 TAXATION - CURRENT

Tax @ 33% (2014: 34%) of normal income	2,154,961	2,863,220
Tax on Dividends	120,220	74,137
Tax on Share Application Commission	2,941	2,584
Tax on Capital Gains	343	-
Tax on Fund Income	479,316	1,534
	<u>2,757,781</u>	<u>2,941,475</u>

### 22.1 Reconciliation of Tax Charge for the Year

Profit before Taxation	<u>11,765,523</u>	<u>20,464,090</u>
Tax at applicable rate of 33% (34% : 2014)	3,882,623	6,894,346
Effect of Income Exempt from Tax	-	(3,770,688)
Tax Effect of Income Tax at Lower Rate and Final Tax Regime	(1,124,842)	(182,183)
	<u>2,757,781</u>	<u>2,941,475</u>

## 23 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arms's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates. Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying value of all financial assets and liabilities approximate their fair value.



## 24 FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT

### 24.1 Market Risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

#### 24.1.1 Price Risk

Price risk represents that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those from interest rate risk or currency risk), whether those changes caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The company is not exposed to equity price risk since it has investments in mutual funds amounting to NIL (2014: Rs. Nil) at the reporting date.

The carrying value of investments is subject to equity price risk based on listed market prices as of the reporting date. Market prices are subject to fluctuation and consequently amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

#### 24.1.2 Interest Rate Risk

Interest rate risk arises from the possibility of changes in interest rates which affect the value of financial instruments or cash flows of a financial instrument. The company is not exposed to interest rate risk as there are no fixed interest bearing financial instruments carried at fair value. The company has financial arrangements with banks at variable rates, therefore, it is exposed to interest rate cash flow risk. Interest Rate Cash flow risk is the risk that the future cash flows related to a financial instrument will fluctuate in amount due to changes in market interest rates.

#### *Effective Interest Rates*

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

	2015		2014	
	Effective Interest Rate	Carrying Amount	Effective Interest Rate	Carrying Amount
<b><i>Financial Assets</i></b>				-
Bank Deposits - Call Treasury	8%	15,382,842	8%	8,228,643
<b><i>Financial Liabilities</i></b>	Nil	Nil	Nil	Nil



### Sensitivity Analysis

Annual KIBOR has been decreased by 11% over the last year. The following information summarises the estimated effect of a hypothetical 10% increase and decrease in cash flow from financial asset, subject to interest rate cash flow risk. The selected hypothetical change does not reflect, what could be considered to be best or worst case scenarios. The analysis assumes that all other variables remain constant.

	Profit and Loss	
	Increase	Decrease
	Rupees	Rupees
<b>As at June 30, 2015</b>		
Cash Flow Sensitivity - Variable Rate Financial Liabilities	-	-
Cash Flow Sensitivity - Variable Rate Financial Assets	1,538,284	1,538,284
<b>As at June 30, 2014</b>		
Cash Flow Sensitivity - Variable Rate Financial Liabilities	-	-
Cash Flow Sensitivity - Variable Rate Financial Assets	822,864	822,864

### 24.1.3 Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial asset or a liability will fluctuate due to a change in foreign exchange rate. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The company is not exposed to foreign currency risk, since there are no foreign currency transactions and balances at the reporting date.

### 24.2 Credit Risk

Credit risk represents the accounting loss that would be recognised if counter parties fail completely to perform as contracted.

#### Exposure to Credit Risk

The company is exposed to credit risk on trade debts, long term deposits and deposits with banks. The carrying amount of these financial assets represents the maximum credit exposure at the reporting date, which is detailed as follows:

	2015 Rupees	2014 Rupees
Long Term Deposits	440,000	440,000
Trade Debts	24,086,989	26,249,259
Advance to Staff	640,200	104,500
Trade Deposits	49,400,000	28,100,000
Receivables from KSE - Futures	301,500	-
Deposits with Banks	48,298,554	14,353,841
	123,167,243	69,247,600

#### Collaterals held as Security

The company does not hold any collateral against the above during the year.

#### Age Analysis and Impairment

The age analysis of trade debts is as follows:

	2015		2014	
	Gross	Impaired	Gross	Impaired
Not Past Due	24,086,989	-	26,249,259	-
Past Due 1-30 Days	-	-	-	-
Past Due 31-90 Days	-	-	-	-
Past Due Over 90 Days	-	-	-	-
	24,086,989	-	26,249,259	-





### Concentration of Credit Risk

Concentration of credit risk arises from exposure to a single debtor, or when a number of counter parties are engaged in similar business activities or have similar economic features that would cause the ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Trade debts comprises credit advanced to diverse credit-worthy counterparties, thus there is no significant credit concentration in trade debts. The deposits with banks which constitutes the major portion of credit risk exposure is diversified between various banks, thereby mitigating concentration of credit risk.

### Quality of Financial Assets

Trade credit has been given to credit worthy client and it has been subsequently settled. Long term deposits are with KSE and the credit quality of company's bank balances can be assessed as they are with banks enjoying good external credit ratings.

### Credit Risk Management

The company attempts to control credit risk by monitoring credit exposures and continually assessing the credit worthiness of counter parties, reviewing clients' financial position, considering past experience and other factors. Credit risk is also minimised due to the fact that the company invests only in high quality financial assets.

### 24.3 Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The company believes that it is not exposed to any significant level of liquidity risk. Following are the contractual maturities of financial liabilities:

Carrying Amount	2015 (Rupees)		
	Contractual Cash Out Flow	Up to One Year	More than One Year

### Financial Liabilities

Trade and Other Payables	<u>21,551,071</u>	<u>21,551,071</u>	<u>21,551,071</u>	<u>-</u>
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### Liquidity Risk Management

The company finances its operations through equity, borrowings and working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines. On the reporting date, the company has cash and bank balances and un-utilised credit lines of Rs. 168,298,554.

### 25 FIGURES

Figures have been rounded off to the nearest rupee. Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. Certain items although do not affect the equity and profit for the last year but have been reclassified for more appropriate presentation, and are as under: -

### 26 NUMBER OF EMPLOYEES

The number of employees as on June 30, 2015 is 15. (2014:17)

### 27 DATE OF AUTHORISATION

These financial statements were authorised for issue on October 09, 2015 by the Board of Directors of the Company.

*Kamran Zameer*  
DIRECTOR

*Saim Abbas*  
CHIEF EXECUTIVE

