



Bhayani Securities (Private) Limited
Financial Statements
For the year ended June 30, 2016

Bhayani Securities (Private) Limited

Financial Statements

Index

<u>Contents</u>	<u>Page No.</u>
Directors' Report	1
Auditor's Report	2 - 3
Balance Sheet	4
Profit & Loss Accounts	5
Statement of Comprehensive Income	6
Cash Flow Statement	7
Statement of Changes in equity	8
Notes to the Accounts	9 to 30

BSL

Bhayani Securities (Pvt) Ltd.

Trec Holder Karachi Stock Exchange Ltd.

DIRECTORS' REPORT

The Directors take pleasure in presenting their report together with the annual financial statements of the Company for the year June 30, 2016 together with auditors report.

PERFORMANCE REVIEW

The working results of the company for the said financial year are given as under:

OPERATIONAL RESULTS

	Rupees
Operating revenue	25,415,188
Operating expenses	(21,158,803)
Operating profit	4,256,385
Other charges	(15,614,802)
Other income	3,254,694
Loss before tax	(8,103,723)
Tax	(2,107,342)
Loss after tax	<u>(10,211,065)</u>

DIVIDEND

The Directors do not recommended any dividend during the year due to anticipated working capital requirements during next financial year.

LOSS PER SHARE

Loss per share for the year ended June 30, 2016 was Rs. (8.50)

FUTURE PROSPECTS

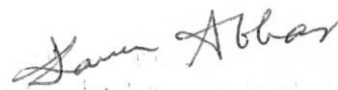
Due to improvement in economic indicators political stability and better law and order situation, the future of capital market is also bright. The directors are hopeful that the future profitability of the company will be increased.

AUDITORS

The auditors of the company Nasir Javaid Maqsood Imran – Chartered Accountants have retired and being eligible to offer their services for the ensuing year.

On behalf of the board

Karachi:
Dated: **08 OCT 2016**



Chief Executive/Director



AUDITORS' REPORT TO THE MEMBERS



We have audited the annexed balance sheet of **Bhayani Securities (Private) Limited** as at **June 30, 2016** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 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 approved accounting standards and 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 the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said 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, we report that—

- (a) in our opinion, proper books of accounts 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 account and are further in accordance with accounting policies consistently applied.
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments 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 explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with 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, 2016** and of the profit, comprehensive income, 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.
- (e) The financial statements of the company for the year ended June 30, 2015 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon.



Dated:
Karachi

08 OCT 2016

NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

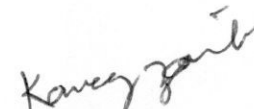
Audit Engagement Partner: M. Javaid Qasim

Bhayani Securities (Private) Limited
Balance Sheet
As at June 30, 2016

	Note	Rupees 2016	Rupees 2015
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	3,361,713	3,965,518
Intangible assets	5	5,000,000	20,455,000
Long term investment	6	54,545,000	54,545,000
Long term advances & deposits	7	2,543,146	444,809
		65,449,859	79,410,327
CURRENT ASSETS			
Trade receivables	8	32,256,906	24,086,989
Advances, deposits, pre-payments & other receivables	9	9,897,955	51,024,874
Short term investment	10	45,135,295	-
Cash & bank balances	11	34,087,944	48,298,554
		121,378,100	123,410,417
TOTAL ASSETS		186,827,959	202,820,743
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
2,500,000 (2015: 2,500,000) ordinary shares of Rs. 100/- each		250,000,000	250,000,000
Issued, subscribed and paid-up capital	12	120,200,000	120,200,000
Unappropriated profit		36,358,607	46,569,672
		156,558,607	166,769,672
LIABILITIES			
CURRENT LIABILITIES			
Loan from director	13	-	14,500,000
Trade payables		29,635,054	21,224,230
Accrued expenses & other liabilities	14	634,298	326,841
		30,269,352	36,051,071
CONTINGENCIES AND COMMITMENTS	15	-	-
TOTAL EQUITY AND LIABILITIES		186,827,959	202,820,743

The annexed notes from 1 to 29 form an integral part of these financial statements.


Chief Executive


Director

Bhayani Securities (Private) Limited
Profit & Loss Accounts
For the year ended June 30, 2016

	Note	Rupees 2016	Rupees 2015
REVENUE			
Operating revenue	16	20,237,605	23,802,486
Capital gain on sale of investments		4,527,613	-
Loss on re-measurement of investments		649,970	(82,865)
		25,415,188	23,719,621
Administrative expenses	17	(21,091,963)	(18,511,209)
Finance cost	18	(66,840)	(157,431)
		(21,158,803)	(18,668,640)
		4,256,385	5,050,981
Other charges	19	(15,614,802)	-
Other income	20	3,254,694	6,631,677
(Loss) / profit before taxation		(8,103,723)	11,682,658
Taxation	21	(2,107,342)	(2,757,781)
(Loss) / profit after taxation		(10,211,065)	8,924,877
 (Loss) / earnings per share - basic and diluted	 22	 (8.50)	 7.43

The annexed notes from 1 to 29 form an integral part of these financial statements.



Chief Executive



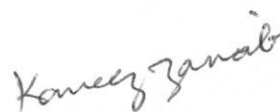
Director

Bhayani Securities (Private) Limited
Statement of Comprehensive Income
For the year ended June 30, 2016

Note	Rupees 2016	Rupees 2015
(Loss) / profit after taxation	(10,211,065)	8,924,877
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year	(10,211,065)	8,924,877

The annexed notes from 1 to 29 form an integral part of these financial statements.


Chief Executive

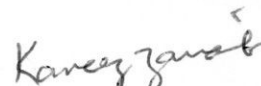

Director

Bhayani Securities (Private) Limited
Cash Flow Statement
For the year ended June 30, 2016

Note	Rupees 2016	Rupees 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(8,103,723)	11,682,658
Add / (less) : Items not involved in movement of fund:		
Depreciation	677,325	795,436
Impairment loss	15,455,000	-
Loss / (gain) on disposal of property and equipment	22,580	(531,813)
Loss on re-measurement of investments	(649,970)	82,865
Provision for Workers' Welfare Fund	137,222	-
Finance costs	66,840	157,431
	<u>15,708,997</u>	<u>503,919</u>
Cash generated from operating activities before working capital changes	7,605,274	12,186,577
Net change in working capital	(a) 42,558,872	(22,568,464)
Finance costs paid	<u>50,164,146</u>	<u>(10,381,887)</u>
Taxes paid	(66,840)	(157,431)
Net cash generated from / (used in) operating activities	46,969,153	(13,770,608)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(97,100)	(135,100)
Proceeds from disposal of property and equipment	1,000	1,149,300
Long term deposits	(2,098,337)	(4,809)
Short term investment	(44,485,325)	32,205,929
Net cash (used in) / generated from investing activities	(46,679,762)	33,215,320
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan (repaid to) / obtained from director	(14,500,000)	14,500,000
Net cash (used in) / generated from financing activities	(14,500,000)	14,500,000
Net increase / (decrease) in cash and cash equivalents	(14,210,609)	33,944,712
Cash and cash equivalents at the beginning of the year	48,298,554	14,353,842
Cash and cash equivalents at the end of the year	34,087,944	48,298,554
(a) Statement of change in working capital		
(Increase) / decrease in current assets		
Trade receivables	(8,169,917)	2,162,270
Advances, deposits, pre-payments & other receivables	42,147,730	(22,137,200)
	33,977,813	(19,974,930)
Increase / (decrease) in current liabilities		
Trade payables	8,410,824	(2,568,830)
Accrued expenses & other liabilities	170,235	(24,704)
	8,581,059	(2,593,534)
Net change in working capital	42,558,872	(22,568,464)

The annexed notes from 1 to 29 form an integral part of these financial statements.


Chief Executive


Director

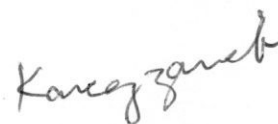
Bhayani Securities (Private) Limited
Statement of Changes in Equity
For the year ended June 30, 2016

	Issued, subscribed & paid up capital	Unappropriated profit	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Balance as at June 30, 2014	120,200,000	37,644,795	157,844,795
Profit after taxation		8,924,877	8,924,877
Balance as at June 30, 2015	120,200,000	46,569,672	166,769,672
Loss after taxation		(10,211,065)	(10,211,065)
Balance as at June 30, 2016	120,200,000	36,358,607	156,558,607

The annexed notes from 1 to 29 form an integral part of these financial statements.



Chief Executive



Director

Bhayani Securities (Private) Limited
Notes to the accounts

1 STATUS AND NATURE OF BUSINESS

Bhayani Securities (Private) Limited (the Company) was incorporated in Pakistan on December 23, 2005 as a private limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 512-514, Pakistan Stock Exchange Building, I.I. Chundrigar Road, Karachi, Pakistan. The company is engaged in the business of financial consultancy, brokerage, underwriting and investment counselling. It is a Trading Right Entitlement Certificate Holder of the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited).

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved financial reporting standards as applicable in Pakistan. Approved financial reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the provisions of the Ordinance. Wherever the requirements of the Ordinance, or the directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance or of the said directives have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for derivatives, investment classified as 'held for trading'.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires management to make judgments, 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 judgments 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 an ongoing basis. Revisions to accounting estimates 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.

Bhayani Securities (Private) Limited
Notes to the accounts

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

3.1.1 Owned

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the carrying amount 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. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit and loss account during the year in which they are incurred.

Disposal of an item of property, plant and equipment is recognized when significant risks and rewards incidental to ownership have been transferred. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within 'Other operating expenses/income in the profit and loss account.

Depreciation is charged to profit and loss account applying the reducing balance method.

Depreciation is charged when asset is available for use until asset is disposed off.

3.1.2 Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

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

Leased assets are depreciated over the period shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation is charged to profit and loss account using reducing balance method.

Bhayani Securities (Private) Limited
Notes to the accounts

3.2 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using reducing balance method over assets estimated useful life, after taking into accounts residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed off.

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

3.2.1 Trading Right Entitlement Certificate

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.2.2 Pakistan Mercantile Exchange - Membership card

Membership card represents corporate membership of Pakistan Mercantile Exchange with indefinite useful life. This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether this is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, this is written down to its estimated recoverable amount.

3.2.3 Computer software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through reducing balance method.

Amortization is charged from the month in which the related asset is available for use while no amortization is charged for the month in which such asset is disposed off.

Bhayani Securities (Private) Limited
Notes to the accounts

3.3 Investment property

Property that is held for long-term rental yields or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes, is classified as investment property. Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expenses when incurred.

3.4 Impairment

A financial asset, other than that carried at fair value through profit or loss, is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred and that the loss event has a negative effect on the estimated future cash flows of that asset.

In case of investment in equity securities classified as available for sale and measured at fair value, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized, is transferred from other comprehensive income to the profit and loss account. Such impairment losses are not subsequently reversed through the profit and loss account.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the profit and loss account.

The carrying amount of the Company's non financial assets and investments carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognized in the profit and loss account.

Bhayani Securities (Private) Limited
Notes to the accounts

3.5 Financial assets

3.5.1 The Company classifies its financial assets in the following categories: at cost, at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Long term investment

Investment in subsidiary

The company considers its subsidiary companies to be such enterprise in which the company has control and/ownership of more than half or fifty percent of the voting power.

Investment in subsidiaries are carried at cost in accordance with IAS-27-'Consolidated and Separate Financial Statements'.

b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivables in the balance sheet.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

e) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified as held to maturity.

Bhayani Securities (Private) Limited
Notes to the accounts

- 3.5.2** All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognized on trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income. Investments in associates are accounted for using the equity method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the profit and loss account as a reclassification adjustment. Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

The fair value of quoted equity instruments are based on current market prices. Subsequent to initial measurement equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment in value, if any.

- 3.5.3** Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

Bhayani Securities (Private) Limited
Notes to the accounts

3.10 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off. Trade Receivables in respect of securities sold on behalf of client are recorded at settlement date of transaction.

3.11 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the Company and accordingly are not included in these financial statements.

3.12 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.13 Share capital

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

3.14 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. Trade payables in respect of securities purchased are recorded at settlement date of transaction.

These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3.15 Taxation

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

Bhayani Securities (Private) Limited
Notes to the accounts

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 at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred

Deferred tax is recognized 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 recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. 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.

3.16 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.17 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expires or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired. Financial instruments carried on the balance sheet include investments, trade debts and other receivables, loans and advances, cash and bank balances, deposits, borrowings, trade and other payables and accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only when the company has legally enforceable right to offset the recognized amount and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction on the measurement date.

Bhayani Securities (Private) Limited
Notes to the accounts

When available, the Company measures the fair value of an investment using quoted price in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transaction on an arm's length basis.

3.18 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

3.19 Revenue recognition

Revenue is recognized 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 recognized on the following basis:

- Brokerage, consultancy, advisory fee and commission etc. are recognized as and when such services are provided.
- Income from bank deposits, reverse repo and margin deposits is recognized at effective yield on time proportion basis.
- Income from marginal finance is recognized as and when such services are provided.
- Dividend income is recorded when the right to receive the dividend is established.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account for the period in which they arise.
- Rental income from investment properties is recognized on accrual basis.
- Other/miscellaneous income is recognized on receipt basis.

3.20 Borrowing costs

Borrowing costs incurred on short term and long term borrowing are recognized as an expense in the period in which these are incurred.

3.21 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and conditions as third party transactions using valuation models, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

Bhayani Securities (Private) Limited
Notes to the accounts

4 PROPERTY AND EQUIPMENT

	Office equipments (Rupees)	Furniture and fixtures (Rupees)	Computer (Rupees)	Motor vehicle (Rupees)	Total (Rupees)
Net carrying value basis					
Year ended June 30, 2016					
Opening net book value (NBV)	1,614,940	1,414,229	379,369	556,980	3,965,518
Additions (at cost)	-	-	97,100	-	97,100
Disposals (at NBV)	(23,580)	-	-	-	(23,580)
Depreciation charge	(238,704)	(212,134)	(142,941)	(83,547)	(677,325)
Closing net book value (NBV)	1,352,656	1,202,095	333,528	473,433	3,361,713
Gross carrying value basis					
As at June 30, 2016					
Cost	5,075,887	4,830,706	5,366,546	1,629,480	16,902,619
Accumulated depreciation	(3,723,231)	(3,628,611)	(5,033,018)	(1,156,047)	(13,540,907)
Net book value (NBV)	1,352,656	1,202,095	333,528	473,433	3,361,712
Net carrying value basis					
Year ended June 30, 2015					
Opening net book value (NBV)	1,858,030	1,663,799	614,305	2,087,271	6,223,405
Additions (at cost)	41,900	-	93,200	-	135,100
Disposals (at NBV)	-	-	(165,550)	(1,432,000)	(1,597,550)
Depreciation charge	(284,990)	(249,570)	(162,586)	(98,291)	(795,437)
Closing net book value (NBV)	1,614,940	1,414,229	379,369	556,980	3,965,518
Gross carrying value basis					
As at June 30, 2015					
Cost	5,099,467	4,830,706	5,269,446	1,629,480	16,829,099
Accumulated depreciation	(3,484,527)	(3,416,477)	(4,890,077)	(1,072,500)	(12,863,581)
Net book value (NBV)	1,614,940	1,414,229	379,369	556,980	3,965,518
Depreciation rates (%)	15	15	30	15	15

Bhayani Securities (Private) Limited
Notes to the Accounts

Notes	Rupees 2016	Rupees 2015
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5 INTANGIBLE ASSETS

Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited	5.1	20,455,000	20,455,000
Less: Impairment loss		(15,455,000)	-
		<u>5,000,000</u>	<u>20,455,000</u>

5.1 The Company has recognised impairment in value of TREC of **Rs. 15,455,000** based on BMC valuation of **Rs. 5 Million** issued by Pakistan Stock Exchange Limited.

6 LONG TERM INVESTMENTS

Available for sale - unquoted
Investments in :

Shares of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited - KSE	6.1	54,545,000	54,545,000
		<u>54,545,000</u>	<u>54,545,000</u>

6.1 This represents unquoted shares of Stock Exchange received by the Company in pursuance of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company were 4,007,383 of Pakistan Stock Exchange Limited (formerly KSEL). Out of total number of shares owned, 60% shares of the said entities are held in separate CDC blocked Account, to restrict the sale of these shares by the members. Whereas stock exchanges will dispose of these shares under the Demutualization Act, however the proceeds of these shares and right to dividend/bonus is vested with the Company whereas the voting rights attached to these shares are suspended. Above unquoted shares are valued initially at allocated cost.

7 LONG TERM DEPOSITS

Pakistan Stock Exchange Limited		300,000	100,000
National Clearing Company of Pakistan Limited		300,000	300,000
Base Minimum Capital		1,903,146	4,809
Deposit against new office		10,000	10,000
Tenancy deposit		30,000	30,000
		<u>2,543,146</u>	<u>444,809</u>

8 TRADE RECEIVABLES - (CONSIDERED GOOD)

From clients		31,631,441	24,086,989
From National Clearing Company of Pakistan Limited		625,465	-
		<u>32,256,906</u>	<u>24,086,989</u>

Bhayani Securities (Private) Limited
Notes to the Accounts

Notes	Rupees 2016	Rupees 2015
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9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Exposure deposit	9.1	7,869,770	49,400,000
Advance payment of tax		1,703,985	683,174
Advance to staff		324,200	640,200
Other receivables		-	301,500
		9,897,955	51,024,874

9.1 These represent amounts of deposits held at the year end against exposure arising out of the trading in securities in accordance with the regulations of Pakistan Stock Exchange Limited and National Clearing Company Pakistan Limited.

10 SHORT TERM INVESTMENTS

Investments at fair values through profit & loss

Listed equity securities

Listed equity securities	44,485,325	82,865
Unrealized gain / (loss) as a result of measurement at market value	649,970	(82,865)
Market value	45,135,295	-

11 CASH AND BANK BALANCES

Cash in hand		143,257	42,564
Cash at bank			
<i>in current accounts</i>		33,422,963	32,873,148
<i>in savings accounts</i>	11.1	521,723	15,382,842
		34,087,944	48,298,554

11.1 The return on these balances is 4% to 5% (2015: 6% to 7%) per annum on daily product basis.

12 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2015	2016			
Number of shares				
357,500	357,500	Ordinary shares of Rs. 100 each fully paid in cash	35,750,000	35,750,000
		Ordinary shares of Rs. 100 each issued for	-	-
844,500	844,500	consideration other than in cash.	84,450,000	84,450,000
1,202,000	1,202,000		120,200,000	120,200,000

Bhayani Securities (Private) Limited
Notes to the Accounts

Notes	Rupees 2016	Rupees 2015
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- 12.1** The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

13 LOAN FROM DIRECTOR - UNSECURED

From director

13.1	-	14,500,000
	-	<u>14,500,000</u>

- 13.1** This represents unsecured markup free loan obtained from directors

14 ACCRUED EXPENSES & OTHER LIABILITIES

Accrued expenses	497,076	326,841
Workers' Welfare Fund payable	137,222	-
	<u>634,298</u>	<u>326,841</u>

15 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitment during the year. (2015 : Nil)

16 OPERATING REVENUE

Brokerage commission	18,764,992	22,600,271
Dividend income	1,472,613	1,202,215
	<u>20,237,605</u>	<u>23,802,486</u>

Bhayani Securities (Private) Limited
Notes to the Accounts

Notes	Rupees 2016	Rupees 2015
17 ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits	6,722,400	4,748,600
Directors' remuneration	6,000,000	4,160,000
Entertainment	113,794	143,474
Travelling and conveyance	36,285	15,922
Rent, rates and taxes	676,293	383,750
Repairs and maintenance	638,980	493,672
Utility charges	251,266	185,741
Auditor's remuneration	125,000	160,750
Telephone and communication charges	351,813	419,446
Dealer's commission	2,331,209	4,675,695
Legal and professional charges	207,200	193,775
Insurance	47,503	54,047
Newspaper and periodicals	9,820	12,341
Service and transaction charges	2,430,834	1,800,576
Fee and subscriptions	122,275	60,750
Vehicle running expenses	224,296	151,222
Printing and stationery	61,848	35,150
Postage and courier	9,260	12,070
Depreciation	677,325	795,436
Other expenses	54,562	8,792
	21,091,963	18,511,209
18 FINANCE COST		
Bank charges	43,849	65,192
Mark-up on short term borrowings	22,991	92,239
	66,840	157,431
19 OTHER CHARGES		
Impairment loss	15,455,000	-
Workers' Welfare Fund	137,222	-
Loss on disposal of property & equipment	22,580	-
	15,614,802	-
20 OTHER INCOME		
From financial assets		
Profit due to replacement claim of shares	-	6,660
Gain on disposal of property & equipment	-	531,813
Recoveries	509,638	-
Profit on savings accounts	261,158	412,002
IPO commission	34,860	24,043
Income from mutual funds	1,144,325	4,019,597
Profit on exposure deposit	1,304,713	1,637,562
	3,254,694	6,631,677

Bhayani Securities (Private) Limited
Notes to the Accounts

Notes	Rupees 2016	Rupees 2015
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21 TAXATION

Current	2,107,342	2,757,781
	2,107,342	2,757,781

21.1 Relationship between income tax expense and accounting profit

Profit before taxation	7,511,079	11,765,523
Tax at the applicable tax rate of 32% (2015 : 33%)	2,403,545	3,882,623
Tax effect of income taxed at lower tax rates	(1,096,133)	(1,124,842)
Others	(207,990)	-
	1,099,422	2,757,781

21.2 Income tax returns of the company have been finalized upto and including the tax year 2015, which are deemed to be assessment order under provisions of Income Tax Ordinance, 2001.

22 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

22.1 Basic (loss) / earnings per share

(Loss) / profit after taxation	(10,211,065)	8,924,877
Weighted average number of shares issued up to the end of the year	1,202,000	1,202,000
	(8.50)	7.43

22.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2016 and June 30, 2015 which would have any effect on the earnings per share if the option to convert is exercised.

23 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	2016		2015	
	Directors	Chief Executive	Directors	Chief Executive
Managerial remuneration	4,200,000	1,800,000	2,960,000	1,200,000
Number of person(s)	4	1	4	1

Bhayani Securities (Private) Limited
Notes to the accounts

24 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

24.1 Financial instruments by category

24.1.1 Financial assets

	2016				Total
	At fair value through profit or loss - held for trading	Available for sale	Loans and receivables	Other financial assets	
Long term investment	-	54,545,000	-	-	54,545,000
Long term loans, advances & deposits	-	-	2,543,146	-	2,543,146
Short term investments	45,135,295	-	-	-	45,135,295
Trade debts - unsecured	-	-	32,256,906	-	32,256,906
Short term deposits, advances & other receivables	-	-	9,897,955	-	9,897,955
Cash and bank balances	-	-	-	34,087,944	34,087,944
	45,135,295	54,545,000	44,698,007	34,087,944	178,466,246

	2015				Total
	At fair value through profit or loss - held for trading	Available for sale	Loans and receivables	Other financial assets	
Long term investment	-	54,545,000	-	-	54,545,000
Long term loans, advances & deposits	-	-	444,809	-	444,809
Short term investments	-	-	-	-	-
Trade debts - unsecured	-	-	24,086,989	-	24,086,989
Short term deposits, advances & other receivables	-	-	51,024,874	-	51,024,874
Cash and bank balances	-	-	-	48,298,554	48,298,554
	-	54,545,000	75,556,672	48,298,554	178,400,226

24.1.2 Financial liabilities

	2016		Total
	Amortised cost	At fair value through profit or	
Long from director	-	-	-
Trade payables	-	29,635,054	29,635,054
Accrued expenses & other liabilities	-	634,298	634,298
	-	30,269,352	30,269,352

	2015		Total
	Amortised cost	At fair value through profit or	
Long from director	-	14,500,000	14,500,000
Trade payables	-	21,224,230	21,224,230
Accrued expenses & other liabilities	-	326,841	326,841
	-	36,051,071	36,051,071

Bhayani Securities (Private) Limited
Notes to the accounts

25 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Market Risk
- Liquidity Risk
- Credit Risk
- Operational Risk

25.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) **Interest rate risk**

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company is exposed to such risk mainly in respect of short-term borrowings. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's loss by **Rs. Nil/-** and a 1% decrease would result in a decrease in the Company's loss by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) **Equity price risk**

Equity price risk is the risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. Management of the Company estimates that a 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Company's profit by **Rs. 4,513,530/-** and a 10% decrease would result in a decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

25.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

Carrying amount	2016				
	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	(Rupees)				
Financial liabilities					
Long from director	-	-	-	-	-
Trade payables	29,635,054	29,635,054	-	29,635,054	-
Accrued expenses & other liabilities	634,298	634,298	-	634,298	-
	30,269,352	30,269,352	-	30,269,352	-

Bhayani Securities (Private) Limited
Notes to the accounts

2015

Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
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(Rupees)

Financial liabilities

Long from director	14,500,000	14,500,000	-	14,500,000	-	-
Trade payables	21,224,230	21,224,230	-	21,224,230	-	-
Accrued expenses & other liabilities	326,841	326,841	-	326,841	-	-
	36,051,071	36,051,071	-	36,051,071	-	-

25.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations.

Exposure to credit risk

Credit risk of the Company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimised due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery. The Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is follows:

	Rupees 2016	Rupees 2015
Long term investment	54,545,000	54,545,000
Long term loans, advances & deposits	2,543,146	444,809
Short term investments	45,135,295	-
Trade debts - unsecured	32,256,906	24,086,989
Short term deposits, advances & other receivables	9,897,955	51,024,874
Cash and bank balances	34,087,944	48,298,554
	178,466,246	178,400,226

Bhayani Securities (Private) Limited
Notes to the accounts

25.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for Investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas.

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

25.5 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

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

Bhayani Securities (Private) Limited
Notes to the accounts

26 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

The related parties comprise of major shareholders, associated companies with or without common directors, directors of the company and key management personnel, staff provident fund and financial institution having nominee on the Board of Directors.

27 NUMBER OF EMPLOYEES

The total employees at year end excluding the contractual employees were **15** (2015: **16**) and the average number of employees during the year was **15** (2015: **16**).

28 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on

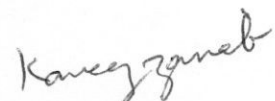
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29 GENERAL

29.1 Figures have been re-arranged and re-classified wherever necessary, for the purpose of better presentation. No major reclassifications were made in these financial statements.

29.2 Figures have been rounded off to the nearest rupee.


Chief Executive


Director

Bhayani Securities (Private) Limited
Notes to the accounts

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer prices quotations.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Financial assets at fair value through profit and loss

	2016			Total
	Level 1	Level 2	Level 3	
Listed securities	45,135,295	-	-	45,135,295
	45,135,295	-	-	45,135,295

Available for sale

Investment in shares of Pakistan Stock Exchange Limited	-	-	54,545,000	54,545,000
	-	-	54,545,000	54,545,000

Financial assets at fair value through profit and loss

	2015			Total
	Level 1	Level 2	Level 3	
Listed securities	-	-	-	-
	-	-	-	-

Available for sale

Investment in shares of Pakistan Stock Exchange Limited	-	-	54,545,000	54,545,000
	-	-	54,545,000	54,545,000

25.6 Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.