

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KHADIM ALI SHAH BUKHARI SECURITIES (PRIVATE) LIMITED** as at **June 30, 2016** 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 than 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 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 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 statement, statement of cash flows 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 loss, 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.

Adnan *Adnan Zaman*
Chartered Accountants
Karachi.
Dated:

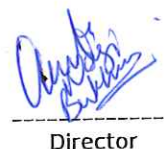
Engagement Partner: Adnan Zaman

KHADIM ALI SHAH BUKHARI SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Non-current assets			
Property and equipment	3	473,362	605,462
Intangible assets	4	15,000,000	15,000,000
Security Deposit	5	300,000	100,000
Long term investment	6	3,375,900	3,375,900
		19,149,262	19,081,362
Current assets			
Advances & accrued income	7	3,309,108	738,655
Advance tax		370,623	89,560
Investment in TFC	8	6,199,574	7,135,718
Cash and bank balances	9	1,015,025	3,536,120
		10,894,330	11,500,053
		<u>30,043,592</u>	<u>30,581,415</u>
Equity and liabilities			
Authorized share capital			
2,000,000 ordinary shares of Rs. 10/- each		<u>20,000,000</u>	<u>20,000,000</u>
Issued, subscribed & paid up share capital			
200,000 Ordinary shares of Rs. 10/- each issued for cash		2,000,000	2,000,000
1,500,000 Ordinary shares of Rs. 10/- each issued other than cash		15,000,000	15,000,000
		17,000,000	17,000,000
Advance against issue of shares		12,260,800	12,260,800
Unappropriated profit		603,075	919,672
		<u>29,863,875</u>	<u>30,180,472</u>
Current liabilities			
Accounts payable	10	131,250	127,000
Provision for tax		48,466	273,943
Contingencies and commitments	11	-	-
Total equity and liabilities		<u>30,043,592</u>	<u>30,581,415</u>

The annexed notes 1 to 16 form an integral part of these financial statements.


Chief Executive Officer


Director

KHADIM ALI SHAH BUKHARI SECURITIES (PRIVATE) LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Revenue		-	-
Expenditures			
Auditor's remuneration	12	68,250	68,250
Bank charges		510	832
Administrative expenses	13	1,830,672	170,359
		(1,899,432)	(239,441)
Other income	14	1,629,946	1,432,411
Unrealised gain on remeasurement of investments		1,356	198,218
(Loss) / profit before taxation		(268,130)	1,391,188
Taxation		(48,466)	(273,943)
(Loss) / profit for the year		(316,597)	1,117,245

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The annexed notes 1 to 16 form an integral part of these financial statements.


 Chief Executive Officer


 Director

KHADIM ALI SHAH BUKHARI SECURITIES (PRIVATE) LIMITED
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
Cash flows from operating activities		
(Loss) / profit before taxation	(573,116)	1,391,188
Adjustments for:		
Depreciation	132,100	55,042
Net (gain) on remeasurement of investment held for trading	(1,356)	(198,218)
	<u>(442,372)</u>	<u>1,248,012</u>
Change in operating assets/Liabilities		
Advances & accrued income	(2,265,467)	(737,824)
Accounts payable	4,250	35,375
	<u>(2,261,217)</u>	<u>545,563</u>
Income tax paid	(555,006)	(58,784)
Net cash (used in) / generated from operating activities	<u>(3,258,595)</u>	<u>486,779</u>
Cash flow from investing activities		
Investment in TFC	937,500	(6,937,500)
Investment in shares	-	(3,375,900)
Purchase of fixed assets	-	(660,504)
	<u>937,500</u>	<u>(10,973,904)</u>
Net cash generated from / (used in) investing activities		
Cash flow from financing activities		
Long term deposit	(200,000)	-
Advance against shares	-	9,675,900
Net cash (used in) / generated from financing activities	<u>(200,000)</u>	<u>9,675,900</u>
Net decrease in cash and cash equivalent (A+B+C)	<u>(2,521,095)</u>	<u>(811,225)</u>
Cash and cash equivalent at the beginning of the year	3,536,120	4,347,345
Cash and cash equivalent at the end of the year	<u><u>1,015,025</u></u>	<u><u>3,536,120</u></u>

The annexed notes 1 to 16 form an integral part of these financial statements.


 Chief Executive Officer


 Director

KHADIM ALI SHAH BUKHARI SECURITIES (PRIVATE) LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2016

	Share capital	Advance against issue of shares	Unappropriated profit	Total
	-----Rupees-----			
Issue of share capital	17,000,000	2,584,900	(197,573)	19,387,327
Advance against issue of shares	-	9,675,900	-	9,675,900
Profit for the year	-	-	1,117,245	1,117,245
Balance as at June 30, 2015	17,000,000	12,260,800	919,672	30,180,472
Profit for the year	-	-	(316,597)	(316,597)
Balance as at June 30, 2016	17,000,000	12,260,800	603,075	29,863,875

The annexed notes 1 to 16 form an integral part of these financial statements.


 Chief Executive Officer


 Director

Particular	COST				ACCUMULATED DEPRECIATION				WDV	
	As at 01 July 2015	Addition	Disposals	As at 30 June 2016	As at 01 July 2015	For the year	Disposals	As at 30 June 2016		As at 30 June 2016
Computers & Accessories	660,504	-	-	660,504	20%	55,042	132,100	-	187,142	473,362
As at June 30, 2016	660,504	-	-	660,504		55,042	132,100	-	187,142	473,362

Particular	COST				ACCUMULATED DEPRECIATION				WDV	
	As at 01 July 2014	Addition	Disposals	As at 30 June 2015	As at 01 July 2014	For the year	Disposals	As at 30 June 2015		As at 30 June 2015
Computers & Accessories	-	660,504	-	660,504	20%	-	55,042	-	55,042	605,462
As at June 30, 2015	-	660,504	-	660,504		-	55,042	-	55,042	605,462

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KHADIM ALI SHAH BUKHARI SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Khadim Ali Shah Bukhari Securities (Private) Limited (the Company) was incorporated in Pakistan on April 25, 2013 under the Companies Ordinance, 1984. The registered office of the Company is situated at Flat no.1, Khan Plaza, Firdous Market, 112/h, Gulberg, Lahore, Punjab. The Company has not started its commercial operation till balance sheet date.
- 1.2 The Company's business objectives include dealing in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research and advisory services.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

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

2.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standards for "Small-Sized Entities (SSEs) Issued by the Institute of Chartered Accountants of Pakistan" and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.3 Intangible assets

These are stated at cost less impairment, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are in excess of their recoverable amount, and where the carrying values exceed the estimated recoverable amount, these are written down to their estimated recoverable amount.

2.4 Taxation

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

2.5 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

2.6 Cash and cash equivalents


Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and with banks on deposit account.

2.7 Revenue recognition

Brokerage, advisory fee and commission income is recognized on accrual basis on the rendering/performance of services. Bank profit is recognized on accrual basis.

2.8 Provisions

Provision are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.



	Note	2016	2015	
-----Rupees-----				
4	Intangible assets			
	Trading Right Entitlement (TRE) Certificate	4.1	<u>15,000,000</u>	<u>15,000,000</u>
4.1	This represents certificate Issued by Pakistan Stock Exchange (PSX) formerly Lahore Stock Exchange (LSE), in pursuance of section 5 of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 read with regulation 6 of Stock Exchanges (Corporatization, Demutualization and Integration) Regulation, 2012 to members of stock exchanges of Pakistan for their trading rights entitlement as brokers.			
	In pursuance of above laws, the TRE certificate of Mr. Nasir Ali Shah Bukhari was transferred to the company on May 06, 2013. This certificate was only one time saleable as per these laws therefore, market value of the certificate cannot be ascertained as it cannot be traded in the market further. The certificate/ Membership right has indefinite life and value in use, and it is certain that economic benefits will flow to the company in future. The membership right has been recorded at value determined by a valuator having bearing its name on State Bank of Pakistan's (SBP) panel of Approved Valuers.			
5	Security deposits:			
	Deposits with:			
	- Central Depository Company of Pakistan Limited	100,000	100,000	
	- National Clearing Company of Pakistan Limited	<u>200,000</u>	<u>-</u>	
		<u>300,000</u>	<u>100,000</u>	
6	Long term investment			
	Investment in shares of LSE Financial Services Limited is 337,500 Shares of Rs. 10/- each	6.1	<u>3,375,900</u>	<u>3,375,900</u>
6.1	Net assets value per share of LSE Financial Services Limited is Rs.11.76 as per audited financial statements as at June 30, 2015			
7	Advances, Accrued Income & Receivable			
	Advance for Software	1,755,000	585,000	
	Advance for purchases	1,138,000	-	
	Accrued profit on TFC	111,122	153,655	
	Receivable Commission Income	<u>304,986</u>	<u>-</u>	
		<u>3,309,108</u>	<u>738,655</u>	
8	Investment - Held for trading			
	Investment in TFCs	<u>6,199,574</u>	<u>7,135,718</u>	
	These represents Term Finance Certificates of Jhangir Siddiqui Company Limited. These carry markup at the rate of 6 month KIBOR +1.75% per annum.			
9	Cash and bank balances			
	Cash in hand	15,851	13,357	
	Cash at bank - deposits account	9.1	<u>999,174</u>	<u>3,522,763</u>
		<u>1,015,025</u>	<u>3,536,120</u>	
9.1	These carry profit rate ranging from 4% to 6% (2015: 7% to 8%) per annum.			
10	Accounts payable			
	Audit fee	84,750	31,500	
	Professional fee	46,500	31,500	
	Sales Tax Payable	-	64,000	
		<u>131,250</u>	<u>127,000</u>	
11	Contingencies and Commitment			
11.1	Contingencies			
	There were no contingencies at the year end.			

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11.2 Commitment

There is an agreement for the purchase of share trading software amounting Rs. 5,000,000/- with M/s Softech System (Private) Limited. An advance of PKR 1,755,000 has been paid against till balance sheet date.

	Note	2016	2015
-----Rupees-----			
12 Auditor's remuneration			
Statutory audit		31,500	31,500
Other certification		31,500	31,500
Out of pocket expenses		5,250	5,250
		<u>68,250</u>	<u>68,250</u>
13 Administrative expenses			
Printing & Stationery		250	12,900
Conveyance		960	1,525
Legal and professional charges		42,000	12,000
Fee subscription & charges		62,813	20,322
Depreciation expenses		132,100	55,042
Others		90,365	68,570
Filing fee		81,990	-
Other professional charges		514,000	-
Sub Marketing fee		458,000	-
Seminar fee		425,000	-
Travelling fee		23,194	-
		<u>1,830,672</u>	<u>170,359</u>
14 Other Income			
Market Making Fee		500,000	500,000
Profit on TFC		567,334	503,146
Commission Income		304,986	-
Dividend		253,193	226,185
Profit on bank deposit		4,433	203,080
		<u>1,629,946</u>	<u>1,432,411</u>

15 Related party transactions

The related parties of the Company comprise of directors, key management personnel and associated undertakings, including companies under common directorship. Details of transactions with related parties and balances with them at year end are as follows:

	2016	2015
-----Rupees-----		
Muzaffar Ali Shah Bukhari		
Payment against advance for purchase of TFC	30,000,000	-
Receipts against advance for purchase of TFC	29,000,000	-
Receivable against advance for purchase of TFC	1,000,000	-

16 General

16.1 Figures have been rounded off to nearest rupee.

16.2 These financial statements have been authorized for issue by the board of directors of the company in its meeting held on


Chief Executive Officer


Director

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