

# M. M. SECURITIES (PRIVATE) LIMITED

## *Financial Statements*

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For the year ended June 30, 2015

**Audited by:**

**HYDER & COMPANY**  
CHARTERED ACCOUNTANTS  
SF 10 & 11, 04<sup>th</sup> floor Shahnaz Arcade  
Main Shaheed-e-millat Road, Karachi.  
Web site: [www.hyderandco.com](http://www.hyderandco.com)

## M. M. SECURITIES (PRIVATE) LIMITED

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## **COMPANY PROFILE**

### ▪ **Board of Directors**

Mr. Mahmood Baqi Moulvi (Director)

Mrs. Madiha Mahmood Moulvi (Chief Executive)

### ▪ **Auditors**

Hyder & Company

Chartered Accountants

SF 10 & 11, 04<sup>th</sup> Floor, Shehnaz Arcade,

Main Shaheed-e-Millat Road,

Karachi

### ▪ **Tax Consultants**

Anjum Asim Shahid Rehman

Assurance & Tax Services

1<sup>st</sup> & 3<sup>rd</sup> Floor, Modern Motors House,

Beaumont Road,

Karachi

### ▪ **Bankers**

Bank Al-Habib Limited

Habib Bank Limited

Sonari Bank Limited

Muslim Commercial Bank Limited

United Bank Limited

### ▪ **Registered Office**

MM Tower, 3-C, Khayaban-e-Ittehad, Phase II Extension,

DHA, Karachi

## DIRECTORS' REPORT

Dear Shareholders

Assalam-o-Alaikum

The Directors of your Company are pleased to present the Annual Report together with Audited Financial Statements of the Company and Auditors' Report thereon for the year ended June 30, 2015. The un-appropriated profit is tabulated below:

	<b>2015</b>	<b>2014</b>
	<b>Rupees</b>	<b>Rupees</b>
Profit before taxation	5,996,826	3,381,383
Taxation	(2,708,529)	(669,228)
Profit after taxation	3,288,297	2,712,155

This is the first of operations. In spite of that and further the political and inflationary pressures prevailing in the Country have affected the economy to a great extent. However, in these circumstances Alhamdulillah management is able to increase the overall profitability of the Company.

Further, we hope the conditions will improve more in future and help boosting-up the business of the Company.

### **Auditors**

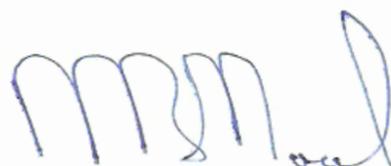
The present auditors are Hyder & Company, Chartered Accountants.

### **Board of directors**

The current members of the Board are listed below:

- MR. MAHMOOD BAQI MOULVI
- MRS. MADIHA MAHMOOD MOULVI

Karachi:  
September 30, 2015



By order of the board  
**MAHMOOD BAQI MOULVI**  
Chief Executive

## “AUDITORS’ REPORT TO THE MEMBERS”

We have audited the annexed balance sheet of **M. M. SECURITIES (PRIVATE) LIMITED** as at 30th June, 2015 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 30th June, 2015 and of the profit, its 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.

DATE: September 30, 2015  
Place: Karachi.

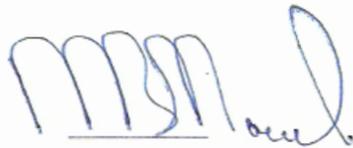
  
HYDER & COMPANY  
Chartered Accountants  
Engagement partner: Ahmer Zafar Siddiqui

# M. M. SECURITIES (PRIVATE) LIMITED

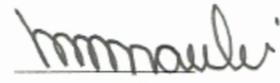
BALANCE SHEET  
AS ON JUNE 30, 2015

EQUITY & LIABILITIES	NOTE	2015 Rupees	2014 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital (1,000,000 Ordinary Shares of Rs.100/- each)		<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed & Paid up Capital	5	100,000,000	100,000,000
Accumulated Profit		7,384,610	4,096,313
		107,384,610	104,096,313
<b>NON-CURRENT LIABILITIES</b>			
Deferred Liabilities - Gratuity	6	5,277,750	4,142,989
<b>CURRENT LIABILITIES</b>			
Trade & other payables	7	43,111,799	34,781,069
Short term loan	8	9,000,000	9,000,000
Provision for taxation	21	2,185,781	1,066,396
		54,297,580	44,847,466
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u>166,959,940</u>	<u>153,086,768</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	9	2,638,211	3,843,752
Intangible assets	10	15,490,000	15,490,000
Long term deposits	11	1,892,484	1,717,213
Long term investment	12	40,000,000	40,000,000
		60,020,695	61,050,965
<b>CURRENT ASSETS</b>			
Trade debts	13	40,055,920	34,624,206
Short term advances- considered good		270,000	2,830,023
Short term deposits and prepayments	14	20,083,076	24,706,908
Accrued interest		56,414	10,581
Other receivables	15	6,832,301	1,427,824
Taxation-refundable		7,717,252	5,782,410
Cash and bank balances	16	31,924,281	22,653,850
		106,939,245	92,035,803
<b>TOTAL ASSETS</b>		<u>166,959,940</u>	<u>153,086,768</u>

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



CHIEF EXECUTIVE



DIRECTOR

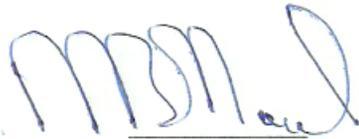


# M. M. SECURITIES (PRIVATE) LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2015

	NOTE	2015 Rupees	2014 Rupees
Operating revenue	17	33,444,591	29,157,117
Operating and administrative expenses	18	<u>(31,980,619)</u>	<u>(30,471,680)</u>
Operating Profit/(loss) before finance cost		1,463,972	(1,314,563)
Financial Cost	19	(26,553)	(40,441)
Workers' welfare fund		(143,575)	(67,628)
Operating Profit/(loss) before other income		<u>1,293,844</u>	<u>(1,422,632)</u>
Other Income	20	4,702,982	4,804,015
Profit before taxation		<u>5,996,826</u>	<u>3,381,383</u>
Taxation	21	(2,708,529)	(669,228)
Net profit before taxation		<u><u>3,288,297</u></u>	<u><u>2,712,155</u></u>
Earning Per Share	22	<u>3.29</u>	<u>2.71</u>

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



CHIEF EXECUTIVE



DIRECTOR



# M. M. SECURITIES (PRIVATE) LIMITED

OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2015

	NOTE	2015 RUPEES	2014 RUPEES
Net profit before taxation		3,288,297	2,712,155
Other comprehensive income		-	-
Total comprehensive income		<u>3,288,297</u>	<u>2,712,155</u>

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



CHIEF EXECUTIVE



DIRECTOR

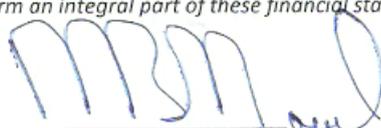


# M. M. SECURITIES (PRIVATE) LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

	NOTE	2015 RUPEES	2014 RUPEES
Profit before taxation		5,996,826	3,449,011
<b>Adjustment for:</b>			
Depreciation		1,390,261	1,229,209
Provision for gratuity		1,862,720	921,675
Gain on sale of investment		-	(189,733)
Finance Charges		26,553	40,441
		3,279,534	2,001,592
		9,276,360	5,450,603
<i>( Increase ) / decrease in current assets )</i>			
Trade debts - considered good		(5,431,714)	(11,772,224)
Short term advances		2,560,023	(2,146,053)
Short term deposits and prepayments		4,623,832	(2,947,579)
Other receivables		(5,404,477)	(147,119)
Accrued income		(45,833)	301,219
		(3,698,169)	(16,711,756)
<i>( Decrease ) / increase in current liabilities )</i>			
Trade and other payables		8,330,730	(37,825,206)
Cash generated from operations		13,908,921	(49,086,359)
Financial charges paid		(26,553)	(40,441)
Income tax paid		(3,523,986)	(2,566,149)
Gratuity paid		(727,959)	(77,125)
		(4,278,498)	(2,683,715)
<b>Net Cash generated from operating Activities</b>		9,630,423	(51,770,074)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets		(184,720)	(3,707,195)
Proceed form short term investment's sale		-	12,437,289
Long term deposits		(175,271)	(89,436)
Net cash flow from Investing activities		(359,991)	8,640,658
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Short term loan		-	(15,000,000)
Net cash flow from financing activities		-	(15,000,000)
Net increase in cash & bank balances		9,270,432	(58,129,416)
Cash & bank balances at the beginning of the year		22,653,850	80,783,266
Cash & bank balances at the end of the year	16	31,924,281	22,653,850

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



CHIEF EXECUTIVE

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DIRECTOR

# M. M. SECURITIES (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Share Capital</u>	<u>Accumulated Profit</u>	<u>Total</u>
	----- Rupees -----		
Balance as at June 30, 2013	100,000,000	1,384,158	101,384,158
Total comprehensive income	-	2,712,155	2,712,155
Balance as at June 30, 2014	<u>100,000,000</u>	<u>4,096,313</u>	<u>104,096,313</u>
Total comprehensive income	-	3,288,297	3,288,297
Balance as at June 30, 2015	<u>100,000,000</u>	<u>7,384,610</u>	<u>107,384,610</u>

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



CHIEF EXECUTIVE



DIRECTOR



# M. M. SECURITIES (PRIVATE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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### 1 STATUS AND NATURE OF BUSINESS

M.M. Securities (Private) Limited, ('the Company') was incorporated in Pakistan as a Private Limited Company on August 09, 2007 under the Companies Ordinance, 1984. Its main activity is brokerage business. The Company is a corporate member of Karachi Stock Exchange Limited and Pakistan Mercantile Exchange. The registered office of the Company is situated at the M. M. Tower, 3-C, Khayaban-e-Ittehad, Phase-II Ext. D.H.A. Karachi.

### 2 BASIS OF PREPARATION

#### 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 Accounting and Financial Reporting Standard for "Medium-Sized Entities (MSEs)" 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 of directives of the Companies Ordinance, 1984 shall prevail.

#### 2.2 Basis of measurement

These accounts have been prepared under the historical cost convention.

#### 2.3 Financial and presentation currency

These financial statements are presented in Pakistani Rupees which is also the Company's financial currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

### 3 USE OF ESTIMATES AND JUDGEMENTS

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

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Taxation

##### Current

Taxation is based on taxable income at the current rate of taxation after considering admissible tax credit and rebates, if any.

##### Deferred

The Company accounts for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. This is recognised on the basis of expected manner of the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

#### 4.2 Provisions

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

#### 4.3 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the company.

#### 4.4 Property, plant and equipment and depreciation

##### Owned Assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

##### Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit and loss account as incurred.

##### Depreciation

Depreciation is charged to income on straight line basis at the rates specified in note 9 to these financial statements. Depreciation on additions is charged from the month in which they are available for use. No derecognition is charged in the month of disposal.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

The gain or loss on disposal or requirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

##### Impairment

Where the carrying amount of asset exceeds its estimated recoverable amount, it is written down immediately.

##### Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

#### 4.5 INVESTMENTS

##### Available for sale

As per IAS 39 investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gain and losses being taken directly to equity until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income currently. Fair value of quoted investment is their bid price at the balance sheet date.

Unquoted investments, where active market does not exist, are carried at cost and checked for impairment at each year end. Impairment loss, if any, is taken to income currently.

##### Investment at fair value through profit or loss

These include investments classified as held for trading or upon initial recognition it is designated by the Company as at fair value through profit or loss. Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in income currently. Fair value of investments is their quoted bid price at the balance sheet date. Transactions cost are charged to income currently.

#### 4.6 Trade debts and other receivables

These are originated by the Company and are stated at cost less provisions for any uncollectible amount. As estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

#### 4.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalent comprises of cash in hand, prize-bonds and balance at bank.

#### 4.8 Foreign currency translations

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

#### 4.9 Staff retirement Benefits

The Company operates an unfunded gratuity plans for its eligible staff under which benefits are paid on cessation of employment subject to minimum qualifying period of service, that is one year. The amount of liability of each employee at year end is computed on the basis of monthly salary and length of services with company. The difference between the current and previous liability is charged to profit and loss account as expense for the year.

#### 4.10 Revenue recognition

##### Dividend Income

Dividend income is recognized at the time of closure of share transfer book of the company - declaring dividend and returns on securities other than shares is recognized on receipt basis.

##### Brokerage and Commission

Brokerage and commission are recognized at the settlement date of the contract.

#### 4.11 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the assets' recoverable amount is estimated in order to determine the extend of impairment loss, if any. Impairment losses are recognized in profit and loss account currently.

#### 4.13 Financial Assets and liabilities

All the financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account currently.

#### 4.14 Offsetting of financial assets and financial liabilities

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

	NOTE	2015 Rupees	2014 Rupees
<b>5 ISSUED SUBSCRIBED &amp; PAID UP CAPITAL</b> 1,000,000 Ordinary Shares of Rs. 100 each fully paid in cash		100,000,000	100,000,000
<b>6 DEFERRED LIABILITY - STAFF GRATUITY</b>		5,277,750	4,142,989
Opening Balance		4,142,989	3,298,439
Provision during the period		1,862,720	921,675
		6,005,709	4,220,114
Gratuity paid during the period		(727,959)	(77,125)
Closing balance as at June 30, 2015		5,277,750	4,142,989
<b>7 TRADE AND OTHER PAYABLES</b>			
Trade creditors	7.1	29,128,828	18,236,475
Against clearing from NCCPL		-	3,639,003
Advance from customers		2,000,000	2,000,000
Dealers payable		133,491	108,601
Sales tax payable		560,987	346,304
Accrued liabilities		1,782,924	813,134
WWF payable		125,145	67,628
Others		9,380,424	9,569,924
		43,111,799	34,781,069

7.1 This include amount payable to related parties Rs. 1,179,355 (2014: Rs. 1,172,710)

<b>8 SHORT TERM LOAN</b>			
From directors	8.1	9,000,000	9,000,000
		9,000,000	9,000,000

8.1 This represents unsecured and interest free loan.

9 PROPERTY AND EQUIPMENT										
S.NO	DESCRIPTION	COST			R A T E	ACCUMULATED DEPRECIATION			WDV	
		As AT 01/07/2014	ADDITION / (DELETION)	As AT 30/06/2015		As AT 01/07/2014	DEPRECIATION FOR THE YEAR	As AT 30/06/2015	As AT 30/06/2015	
1	OFFICE EQUIPMENTS	409,171	-	409,171	20	266,473	76,119	342,592		66,579
2	VEHICLES	6,227,025	-	6,227,025	20	2,652,573	1,245,405	3,897,978		2,329,047
3	COMPUTERS	2,522,129	184,720	2,706,849	30	2,395,527	68,737	2,464,264		242,585
	Total-2015	9,158,325	184,720	9,343,045		5,314,573	1,390,261	6,704,834		2,638,211
	Total-2014	5,451,130	3,707,195	9,158,325		4,085,364	1,229,209	5,314,573		3,843,752

10 INTANGIBLE ASSETS										
S.NO	DESCRIPTION	COST			R A T E	ACCUMULATED AMORTIZATION			WDV	
		As AT 01/07/2014	ADDITION / (DELETION)	As AT 30/06/2015		As AT 01/07/2014	AMORTIZATION FOR THE YEAR	As AT 30/06/2015	As AT 30/06/2015	
1	STOCK EXCHANGE TREC & ROOM	15,490,000		15,490,000	20	-	-	-		15,490,000
	Total-2015	15,490,000	-	15,490,000		-	-	-		15,490,000
	Total-2014	15,490,000	-	15,490,000		-	-	-		15,490,000

<b>11 LONG TERM DEPOSITS</b>			
Karachi Stock Exchange Limited		500,000	400,000
Pakistan Mercantile Exchange		1,392,484	1,317,213
		1,892,484	1,717,213

	NOTE	2015 Rupees	2014 Rupees
<b>12 LONG TERM INVESTMENT</b>			
Unsecured - Considered good	12.1	<u>40,000,000</u>	<u>40,000,000</u>
<b>12.1</b>	Pursuant to demutualization of the Karachi Stock Exchange Limited (KSE), the ownership rights in a Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the Company received shares and Trade Rights Entitlement Certificate (TREC) from the KSE against its membership card which was carried at Rs. 55 million in the books of the Company.		
	The above arrangement has resulted in allocation of 4,007,383 shares at Rs. 10 each with a total face value of Rs. 40 million and TREC to the Company by the KSE. Out of total shares issued by the KSE, the Company has actually received 40% equity shares i.e. 1,602,953 shares. The remaining 60% shares have been transferred to CDC sub-account in the Company's name under the KSE's participant IDs with the CDC which will remain blocked until these are divested/sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company.		
	The Institute of Chartered Accountants of Pakistan in its technical guide dated February 25, 2013, concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost/carrying value of the membership card between the two distinct assets on a reasonable basis.		
	The above mentioned face value (Rs. 40 million) of the shares issued by the KSE to its members including the Company has been determined on the basis of the fair valuation of the underlying assets and liabilities of the KSE in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. In other words, shares worth Rs. 40 million received by the Company represent its share in the fair value of the net assets of the KSE. Under the current circumstances, where active market is not available for such shares, this net asset value based valuation has been considered as the closest estimate of the fair value of the shares.		
	Further recently, the KSE has introduced a minimum capital regime for the brokers, and for this purpose has valued TREC at Rs. 15 million as per the decision of the Board of Directors of the KSE. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investor's interest. In the absence of an active market for TREC, this assigned value of Rs. 15 million has been considered as the closest estimate of the fair value of the TREC.		
	Therefore, based on the above estimates of fair values of KSE shares (Rs. 40 million) and TREC (Rs. 15 million), the Company has allocated its carrying value of the membership card in the ratio of 0.73 to shares and 0.27 to TREC. Consequently, the investments have been recognized at Rs. 40 million and TREC at Rs. 15 million.		
	The company has pledged 1,602,953 ordinary shares of KSE, available with it being 40% of total number of shares allotted to the company and TREC with the KSE in compliance with Base Minimum Capital(BMC) requirement under Regulation 2.1 of the Regulations Governing Risk Management of the KSE.		
<b>13 TRADE DEBTS</b>			
Unsecured- Considered good	13.1	<u>40,055,920</u>	<u>34,624,206</u>
<b>13.1</b>	This includes amount receivable from related parties of Rs. NIL (2014: Rs. NIL).		
<b>14 SHORT TERM DEPOSITS AND PREPAYMENTS</b>			
Short term deposits	14.1	19,939,496	24,492,203
Prepayments		<u>143,580</u>	<u>214,705</u>
		<u>20,083,076</u>	<u>24,706,908</u>
<b>14.1</b>	This represents amount deposited with the Karachi Stock Exchange Limited against exposure and losses.		
<b>15 OTHER RECEIVABLES</b>			
From NCCPL		<u>6,832,301</u>	<u>1,427,824</u>
		<u>6,832,301</u>	<u>1,427,824</u>
<b>16 CASH AND BANK BALANCES</b>			
Cash with banks			
- Current accounts		13,734,039	19,909,708
- Saving accounts		18,148,570	2,698,508
Cash in hand		<u>41,675</u>	<u>45,634</u>
		<u>31,924,284</u>	<u>22,653,850</u>
<b>17 OPERATING REVENUE</b>			
Brokerage commission		<u>33,444,591</u>	<u>29,157,117</u>

at

	NOTE	2015 Rupees	2014 Rupees
<b>18 OPERATING AND ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits including directors' remuneration		21,087,706	18,672,124
Printing and stationery		142,619	228,613
Postage and telegram		315,195	465,809
Rent, rates and taxes		1,823,500	1,584,550
Utilities		840,422	890,530
Legal and professional charges		302,150	539,860
News paper and periodicals		48,201	41,023
Entertainment		147,430	182,214
Depreciation		1,390,261	1,229,209
Auditor's remuneration		137,400	111,500
Fees and subscription		175,410	586,285
Traveling and conveyance		582,100	636,345
Repairs and maintenance		803,155	596,045
Internet charges		902,974	1,159,410
KSE Clearing House and CDC charges		2,932,864	1,897,500
Advertisement		15,395	83,860
Medical Expenses		-	5,341
Donations		-	2,000
Insurance		298,283	560,470
Miscellaneous		35,554	998,992
		31,980,619	30,471,680
<b>19 FINANCE COST</b>			
Bank Charges		26,553	40,441
<b>20 OTHER INCOME</b>			
Profit on call treasury account		932,774	1,271,323
Dividend Income		1,202,215	741,366
Profit on exposure margins with KSE & PMEX		2,218,016	1,813,698
Liability no longer payable		-	10,000
Capital gain on trading of shares		108,439	777,895
Gain on sale of investments		-	189,733
Commission on Book Building & IPO		241,538	-
		4,702,982	4,804,015
<b>21 TAXATION</b>			
Current		2,185,781	1,066,396
Prior		522,748	(397,168)
		2,708,529	669,228
<b>21.1</b>	Deferred tax asset amounting to Rs. 2,173,148 (2014: Rs. 1,690,269) has not been recognized in these financial statements keeping in view of uncertainty as to availability of future taxable profits for its realization		
<b>22 EARNING PER SHARE</b>			
Profit for the year		3,288,297	2,712,155
		<i>Number of Shares</i>	
Average Number of shares during the year		1,000,000	1,000,000
Basic and diluted Earning Per Share		3.29	2.71

**23 REMUNERATION TO DIRECTORS AND EXECUTIVES**

The aggregate amount charged in the financial statements for remuneration, including certain benefits to directors and executives of the Company is as follows:

<b>DIRECTORS:</b>	<u>2,400,000</u>	<u>2,400,000</u>
Number of persons	<u>2</u>	<u>2</u>
<b>EXECUTIVES:</b>	<u>3,324,000</u>	<u>2,772,000</u>
Number of persons	<u>2</u>	<u>2</u>

**24 TRANSACTION WITH RELATED PARTIES**

The related parties comprise local associated companies, directors and key management personnel. Transaction with related parties other than those which have been disclosed elsewhere in the financial statements are as follows :

Purchase of shares	<u>-</u>	<u>6,698,114</u>
Sale of shares	<u>6,764</u>	<u>-</u>
Director's Loan	<u>9,000,000</u>	<u>9,000,000</u>
Due to associated parties	<u>-</u>	<u>-</u>
Loan received	<u>53,600,000</u>	<u>83,600,000</u>
Loan repaid	<u>53,600,000</u>	<u>98,600,000</u>
Rent paid to directors	<u>1,800,000</u>	<u>1,570,000</u>
Trade receivables from related parties	<u>-</u>	<u>-</u>
Trade payables to related parties	<u>1,179,355</u>	<u>1,172,710</u>

**25 NUMBER OF EMPLOYEES AS ON YEAR END**

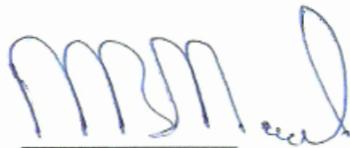
Number of employees as at June 30, 2015 were 25 (2014: 36)

**26 DATE OF AUTHORISATION**

These financial statements have been authorized for issue on **September 30, 2015** by the Board of Directors of the Company.

**27 GENERAL**

Previous year figures have been rearranged and reclassified where necessary for the purpose of comparison. These changes were made for better presentation in the financial statements of the Company.



CHIEF EXECUTIVE



DIRECTOR

