

**KHADIM ALI SHAH BUKHARI SECURITIES  
(PRIVATE) LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2017**

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KHADIM ALI SHAH BUKHARI SECURITIES (PRIVATE) LIMITED** as at **June 30, 2017** 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and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984.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- (a) in our opinion, proper books of account have been kept by the company as required by the repealed Companies Ordinance, 1984;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the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;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 repealed 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, 2017 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 Zaman*  
Chartered Accountants  
Karachi.  
Dated: 19 OCT 2017

Engagement Partner: Adnan Zaman

KHADIM ALI SHAH BUKHARI SECURITIES (PRIVATE) LIMITED .  
BALANCE SHEET  
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
<b>Non-current assets</b>			
Property and equipment	3	16,341,261	473,362
Intangible assets	4	15,000,000	15,000,000
Security Deposit	5	300,000	300,000
Long term investment	6	8,439,750	3,375,900
		40,081,011	19,149,262
<b>Current assets</b>			
Advances & accrued income	7	3,295,851	3,309,108
Advance tax		466,059	370,623
Investment in TFC	8	4,720,859	6,199,574
Cash and bank balances	9	3,326,780	1,015,025
		11,809,549	10,894,330
		<u>51,890,560</u>	<u>30,043,592</u>
<b>Equity and liabilities</b>			
<b>Authorized share capital</b>			
2,000,000 ordinary shares of Rs. 10/- each		<u>20,000,000</u>	<u>20,000,000</u>
<b>Issued, subscribed &amp; paid up share capital</b>			
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		33,324,650	12,260,800
Unappropriated profit		1,378,280	603,075
		51,702,930	29,863,875
<b>Current liabilities</b>			
Accounts payable	10	125,530	131,250
Provision for tax		62,100	48,466
Contingencies and commitments	11	-	-
<b>Total equity and liabilities</b>		<u>51,890,560</u>	<u>30,043,592</u>

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

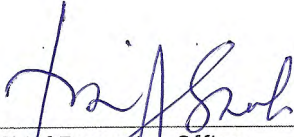
  
Chief Executive Officer

  
Director

KHADIM ALI SHAH BUKHARI SECURITIES (PRIVATE) LIMITED  
 PROFIT AND LOSS ACCOUNT  
 FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Revenue		-	-
Expenditures			
Auditor's remuneration	12	68,250	68,250
Bank charges		1,113	510
Administrative expenses	13	471,712	1,830,672
		(541,075)	(1,899,432)
Other income	14	1,357,095	1,629,946
Unrealised gain on remeasurement of investments		21,285	1,356
Profit / (loss) before taxation		837,305	(268,130)
Taxation		(62,100)	(48,466)
Profit / (loss) for the year		775,205	(316,597)

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, 2017

	2017 Rupees	2016 Rupees
<b>Cash flows from operating activities</b>		
Profit / (loss) before taxation	837,305	(573,116)
Adjustments for:		
Depreciation	132,100	132,100
Net (gain) on remeasurement of investment held for trading	(21,285)	(1,356)
	<u>948,120</u>	<u>(442,372)</u>
<b>Change in operating assets/Liabilities</b>		
Advances & accrued income	13,257	(2,265,467)
Accounts payable	(5,720)	4,250
	<u>7,537</u>	<u>(2,261,217)</u>
Income tax paid	(143,902)	(555,006)
Net cash (used in) / generated from operating activities	<u>811,755</u>	<u>(3,258,595)</u>
<b>Cash flow from investing activities</b>		
Investment in TFC	1,500,000	937,500
Investment in shares	(5,063,850)	-
Purchase of fixed assets	(16,000,000)	-
	<u>(19,563,850)</u>	<u>937,500</u>
Net cash generated from / (used in) investing activities	<u>(19,563,850)</u>	<u>937,500</u>
<b>Cash flow from financing activities</b>		
Long term deposit	-	(200,000)
Advance against shares	21,063,850	-
Net cash (used in) / generated from financing activities	<u>21,063,850</u>	<u>(200,000)</u>
Net decrease in cash and cash equivalent (A+B+C)	<u>2,311,755</u>	<u>(2,521,095)</u>
Cash and cash equivalent at the beginning of the year	1,015,025	3,536,120
Cash and cash equivalent at the end of the year	<u>3,326,780</u>	<u>1,015,025</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, 2017

	Share capital	Advance against Issue of shares	Unappropriated profit	Total
	-----Rupees-----			
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
Advance against issue of shares	-	21,063,850	-	21,063,850
Profit for the year	-	-	775,205	775,205
Balance as at June 30, 2017	17,000,000	33,324,650	1,378,280	51,702,930

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

  
Chief Executive Officer

  
Director



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 repealed 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, the repealed Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) for "Small-Sized Entities (SSEs)" as notified in the provisions of repealed Companies Ordinance, 1984. Wherever the requirement of the repealed Companies Ordinance, 1984 or the said directives differ with the requirement of these standards, the requirement of the repealed Companies Ordinance, 1984, and the said directives take precedents.

The companies ordinance, 1984 has been repealed after the enactment of the companies Act 2017. However, as allowed by the SECP vide its press release dated 20 July 2017, these financial statements have been prepared in accordance with the provisions of the repealed companies ordinance 1984. The new requirements of the Companies Act, 2017 shall be applicable to the companies having their financial year closure after 30 June 2017. The application of Companies Act, 2017 will require additional disclosures in the financial statements of the company.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain investments which are carried at fair values.

2.4 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.

2.5 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.

2.6 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.

2.7 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.

2.8 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.

*R. Khan*



2.9 Property, plant and equipments

These are stated at cost less accumulated depreciation, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. Depreciation on additions is charged for the full month in which an asset is available for use and on deletions up to the month immediately preceding the month of deletion.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gain or loss on disposal, if any, is included in profit & loss account currently.

2.10 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.

*Handwritten signature*

3 Property and equipment

Particular	COST				Rate	ACCUMULATED DEPRECIATION				WDV
	As at 01 July 2016	Addition	Disposals	As at 30 June 2017		As at 01 July 2016	For the year	Disposals	As at 30 June 2017	As at 30 June 2017
Computers & Accessories	660,504	-	-	660,504	20%	187,142	132,100	-	319,243	341,261
Property (PSX Rooms)	-	16,000,000	-	16,000,000		-	-	-	-	16,000,000
As at June 30, 2016	<u>660,504</u>	<u>16,000,000</u>	<u>-</u>	<u>16,660,504</u>		<u>187,142</u>	<u>132,100</u>	<u>-</u>	<u>319,243</u>	<u>16,341,261</u>

Particular	COST				Rate	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	<u>660,504</u>	<u>-</u>	<u>-</u>	<u>660,504</u>		<u>55,042</u>	<u>132,100</u>	<u>-</u>	<u>187,142</u>	<u>473,362</u>

The director of company transferred his property in Pakistan Stock Exchange (PSX) building Karachi (Room No. 101 & 105) to the Company against shares. The said property was purchased in the month of April 2017. The property is presently in the name of Director Mr. Nasir Ali Shah Bukahri.

*RW*

	Note	2017	2016	
-----Rupees-----				
4	Intangible assets			
	Trading Right Entitlement (TRE) Certificate	4.1	15,000,000	15,000,000
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.			
	The fair value of TREC can not be determined, therefore, the to calculate the recoverable amount the company has used the method of value in use for the purposes of the valuation of TREC.			
5	Security deposits:			
	Deposits with:			
	- Central Depository Company of Pakistan Limited	100,000	100,000	
	- National Clearing Company of Pakistan Limited	200,000	200,000	
		<u>300,000</u>	<u>300,000</u>	
6	Long term investment			
	Investment in shares of LSE Financial Services Limited is 843,975 Shares of Rs. 10/-each	6.1	8,439,750	3,375,900
6.1	Net assets value per share of LSE Financial Services Limited is Rs.11 as per audited financial statements as at June 30, 2016			
7	Advances, Accrued Income & Receivable			
	Advance for Software	1,755,000	1,755,000	
	Advance for purchases	1,138,000	1,138,000	
	Accrued profit on TFC	97,865	111,122	
	Receivable Commission Income	304,986	304,986	
		<u>3,295,851</u>	<u>3,309,108</u>	
8	Investment - Held for trading			
	Investment in TFCs	4,720,859	6,199,574	
	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	8,510	15,851	
	Cash at bank - deposits account	9.1	3,318,270	999,174
		<u>3,326,780</u>	<u>1,015,025</u>	
9.1	These carry profit rate ranging from 4% to 5.5% (2016: 4% to 6%) per annum.			
10	Accounts payable			
	Audit fee	125,530	84,750	
	Professional fee	-	46,500	
		<u>125,530</u>	<u>131,250</u>	

*BS*

11 Contingencies and Commitment

11.1 Contingencies

There were no contingencies at the year end.

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	2017	2016
-----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		8,931	250
Conveyance		5,840	960
Legal and professional charges		21,000	42,000
Fee subscription & charges		58,896	62,813
Depreciation expenses		132,100	132,100
Others		6,525	90,365
Filing fee		12,420	81,990
Other professional charges		-	514,000
Sub Marketing fee		226,000	458,000
Seminar fee		-	425,000
Travelling fee		-	23,194
		<u>471,712</u>	<u>1,830,672</u>
14 Other income			
Market Making Fee		500,000	500,000
Profit on TFC		433,971	567,334
Commission Income		825	304,986
Dividend		421,988	253,193
Profit on bank deposit		311	4,433
		<u>1,357,095</u>	<u>1,629,946</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:


	2017	2016
-----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
Receipts against advance for purchase of TFC	1,000,000	1,000,000
Receipts against advance for purchase office at Pakistan Stock Exchange building	16,000,000	-
Receipts against advance for purchase of LSE shares	5,063,850	-

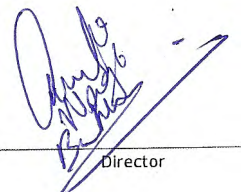
16 General

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

09 OCT 2017

  
Chief Executive Officer

  
Director

*Adm*

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