

**M/S. ZAFAR MOTI CAPITAL SECURITIES (PRIVATE) LIMITED**  
**FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 30<sup>TH</sup>, 2015**



**SHAHID AHMAD & CO**

CHARTERED ACCOUNTANTS

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### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **M/S. ZAFAR MOTI CAPITAL SECURITIES (PRIVATE) LIMITED** ("the Company") as at **June 30, 2015** and the related profit & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we 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 the 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 accounts 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 & loss account, 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, 2015**, and of the **Loss**, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat as deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi :  
Date : September 16, 2015



# Zafar Moti Capital Securities (Private) Limited

## Balance Sheet

As at 30th June, 2015

|   | Notes | 30 <sup>th</sup> June, 2015<br>Rupees | 30th June, 2014<br>Rupees |
|---|-------|---------------------------------------|---------------------------|
| <b><u>NON CURRENT ASSETS</u></b>          |       |                                       |                           |
| Properties, Offices & Others              | 5     | 508,192.00                            | 624,658.00                |
| Membership & Others                       | 6     | 20,000,000.00                         | 20,000,000.00             |
|   |       | <b>20,508,192.00</b>                  | <b>20,624,658.00</b>      |
| Long Terms Deposits                       | 7     | 1,075,000.00                          | 775,000.00                |
|   |       | <b>1,075,000.00</b>                   | <b>775,000.00</b>         |
| <b><u>CURRENT ASSETS</u></b>              |       |                                       |                           |
| Debtors                                   | 8     | 114,520,263.00                        | 151,433,675.00            |
| Others Receivables & Advances             |       | 4,809.00                              | 2.00                      |
| Cash & Bank Balances                      | 9     | 9,662,607.68                          | 2,498,646.00              |
|   |       | <b>124,187,679.68</b>                 | <b>153,932,323.00</b>     |
| <b><u>CURRENT LIABILITIES</u></b>         |       |                                       |                           |
| Bank Overdraft                            | 10    | 1,126.00                              | 2,621,972.00              |
| Trade Creditor                            |       | 3,945,939.00                          | 27,890,260.00             |
| Others Liabilities                        |       | 2,541,929.68                          | 1,957,394.00              |
|   |       | <b>6,488,994.68</b>                   | <b>32,469,626.00</b>      |
| <b>Net Current Assets</b>                 |       | <b>117,698,685.00</b>                 | <b>121,462,697.00</b>     |
| <b><u>NON CURRENT LIABILITIES</u></b>     |       |                                       |                           |
| Long Term Loans                           |       | -                                     | -                         |
|   |       | <b>139,281,877.00</b>                 | <b>142,862,355.00</b>     |
| <b><u>SHARES CAPITAL AND RESERVED</u></b> |       |                                       |                           |
| Shares Capital                            | 11    | 52,800,000.00                         | 52,800,000.00             |
| Accumulated Profit                        |       | 86,481,877.00                         | 90,062,355.00             |
|   |       | <b>139,281,877.00</b>                 | <b>142,862,355.00</b>     |
|   |       | <b>139,281,877.00</b>                 | <b>142,862,355.00</b>     |

The annexed notes 1 to 15 form an integral part of these financial statement

  
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## Zafar Moti Capital Securities (Private) Limited

### Profit & Loss Account As at 30th June, 2015

|                                   |              | <u>30<sup>th</sup> June, 2015</u> | <u>30th June, 2014</u>      |
|-----------------------------------|--------------|-----------------------------------|-----------------------------|
|                                   | <i>Notes</i> | Rupees                            | Rupees                      |
| Revenue                           |              | 8,428,586.00                      | 12,507,742.00               |
| Less: Cost Expenses               | 12           | (1,451,786.00)                    | (838,591.00)                |
| <b>Gross Profit</b>               |              | <u>6,976,800.00</u>               | <u>11,669,151.00</u>        |
| Less: Operating Expenses          | 13           | (4,500,663.00)                    | (2,952,668.00)              |
| <b>Operating Profit</b>           |              | <u>2,476,137.00</u>               | <u>8,716,483.00</u>         |
| Less: Financial Expenses          | 14           | (6,541,052.00)                    | (5,691,726.00)              |
| <b>Net Profit before Taxation</b> |              | <u>(4,064,915.00)</u>             | <u>3,024,757.00</u>         |
| Less: Other Income                | 15           | 1,312,295.00                      | -                           |
| <b>Net Profit before Taxation</b> |              | <u>(2,752,620.00)</u>             | <u>3,024,757.00</u>         |
| Taxation                          |              | (827,858.00)                      | (363,669.00)                |
| <b>Net Profit after Taxation</b>  |              | <u>(3,580,478.00)</u>             | <u>2,661,088.00</u>         |
| Un Appropriated Profit B/F        |              | 90,062,355.00                     | 87,401,267.00               |
| <b>Un Appropriated Profit C/F</b> |              | <u><u>86,481,877.00</u></u>       | <u><u>90,062,355.00</u></u> |

  
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**Zafar Moti Capital Securities (Private) Limited**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**1 LEGAL STATUS AND OPERATIONS**

The Company was incorporated in Pakistan as a private limited company under the Companies Ordinance; 1984. The principal activity of the company is a brokerage from Share Trading in Karachi Stock Exchange .

**2 STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES**

**2.1 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the 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 or directives of the Companies Ordinance, 1984 shall prevail.

**2.2 SIGNIFICANT ESTIMATES**

The preparation of financial statements in conformity with approved accounting standards require management to make judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual result may differ from these estimates.

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 and in any future periods affected.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are discussed in the ensuing paragraphs.

**2.2.1 Property, plant and equipment**

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

**2.2.2 Intangible Assets**

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. Intangibles assets are amortized on straight line basis over 3 years

### 2.2.3 Taxation

In making the estimates for income taxes payable by the Company, the management looks at the applicable taxation laws.

## 3 ACCOUNTING CONVENTION

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

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

### 4.1 Property, Plant and Equipment

#### 4.1.1 Owned

Operating fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a diminishing balance method at the rate mentioned in the relevant note. Depreciation is charged from the month the asset is put into operation and discontinued from the month the asset is retired.

Gain and loss on disposal of assets are included in the income currently.

#### 4.1.2 Subsequent costs

The costs 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 the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as they are incurred.

#### 4.1.3 Impairment of Assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating concurrence of impairment loss or reversal of previous impairment losses. If any such indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversal of impairment losses are recognized in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

### 4.2 Taxation

#### 4.2.1 Current

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

#### 4.2.2 Deferred

The impact of deferred taxation on these financial statements was immaterial and, hence not been accounted for in this financial statements.

#### 4.3 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 can be made. Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

#### 4.4 Cash and Cash Equivalents


Cash and cash equivalents are carried in the balance sheet at cost at the balance sheet date. For the purpose of cash flow statement, cash and cash equivalents include cash in hand and with banks. The fair value of cash and cash equivalents approximate their carrying amount.

#### 4.5 Financial Assets and Liabilities

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and de-recognition of the financial assets and financial liabilities is taken to the profit and loss account currently. Financial assets and liabilities, other than specifically mentioned in these policies, are carried at amortized cost. The fair value of these approximate their carrying value.



ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.



ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.

## Zafar Moti Capital Securities (Private) Limited

### Details of Notes

As at 30th June, 2015

|   | <u>30<sup>th</sup> June, 2015</u><br>Rupees | <u>30th June, 2014</u><br>Rupees |
|---|---|----------------------------------|
| 5). <b><u>Properties, Offices &amp; Others</u></b>                    |   |                                  |
| Furniture & Fixtures  | 508,192.00                                  | 624,658.00                       |
|   | <b>508,192.00</b>                           | <b>624,658.00</b>                |
| 6). <b><u>Membership &amp; Others</u></b>                             |   |                                  |
| Membership Card - Shares and Trading<br>Right Entitlement Certificate | 20,000,000.00                               | 20,000,000.00                    |
|   | <b>20,000,000.00</b>                        | <b>20,000,000.00</b>             |

These represent shares of Karachi Stock Exchange Limited (KSEL) and Trading Right Entitlement Certificate (TREC) received from Karachi Stock Exchange in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012.

Pursuant to demutualization of the Karachi Stock Exchange Limited (KSEL), 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 4,007,383 shares of Rs.10/- each and TREC having notional value of Rs.15,000,000/- from the KSEL against its membership card. 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. Out of total shares issued by the KSEL, 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 KSEL'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 Company has not allocated carrying value of the Membership card to shares in Karachi Stock Exchange Limited (KSEL) and Trading Right Entitlement Certificate (TREC) as the fair value of neither the TREC nor shares in Karachi Stock Exchange Limited can be determined. Therefore the allocation of such will be determined as the fair value of such TREC and shares in KSEL becomes available.

|                                       |                       |                       |
|---------------------------------------|-----------------------|-----------------------|
| 7). <b><u>Long Terms Deposits</u></b> |                       |                       |
| KSE Kats Deposit                      | 725,000.00            | 525,000.00            |
| KSE Internet Connection Deposit       | 150,000.00            | 150,000.00            |
| National Clearing Deposit             | 100,000.00            | -                     |
| B To B System Deposits                | 100,000.00            | 100,000.00            |
|                                       | <b>1,075,000.00</b>   | <b>775,000.00</b>     |
| 8). <b><u>Debtors</u></b>             |                       |                       |
| Trade Debtors                         | 34,054,173.00         | 59,997,938.00         |
| Non-Trade Debtors                     | 80,466,090.00         | 91,435,737.00         |
|                                       | <b>114,520,263.00</b> | <b>151,433,675.00</b> |



## Zafar Moti Capital Securities (Private) Limited

### Details of Notes

As at 30th June, 2015

|  | <u>30<sup>th</sup> June, 2015</u><br>Rupees | <u>30th June, 2014</u><br>Rupees |
|--|---|----------------------------------|
| <b>9). <u>Cash &amp; Bank Balances</u></b> |   |                                  |
| Cash & Bank Balances                       | 9,662,607.68                                | 2,498,646.00                     |
|  | <b>9,662,607.68</b>                         | <b>2,498,646.00</b>              |
| <b>10). <u>Bank Overdraft</u></b>          |   |                                  |
| Summit Bank                                | 1,126.00                                    | 2,621,972.00                     |
|  | <b>1,126.00</b>                             | <b>2,621,972.00</b>              |
| <b>11). <u>Shares Capital</u></b>          |   |                                  |
| <b><u>Authorized Capital</u></b>           |   |                                  |
| 2,500,000 Ordinary Shares of Rs.10/- each  | 25,000,000.00                               | 25,000,000.00                    |
| 3,000,000 Ordinary Shares of Rs.10/- each  | 30,000,000.00                               | 30,000,000.00                    |
|  | <b>55,000,000.00</b>                        | <b>55,000,000.00</b>             |
| <b><u>Issued &amp; Paid-up Capital</u></b> |   |                                  |
| 2,280,000 Ordinary Shares of Rs.10/- each  | 22,800,000.00                               | 22,800,000.00                    |
| 3,000,000 Ordinary Shares of Rs.10/- each  | 30,000,000.00                               | 30,000,000.00                    |
|  | <b>52,800,000.00</b>                        | <b>52,800,000.00</b>             |
| <b>12). <u>Cost Expenses</u></b>           |   |                                  |
| CDC Charges                                | 594,874.00                                  | 105,421.00                       |
| Clearing House Commission                  | 283,444.00                                  | 152,960.00                       |
| Investor Protection Fund                   | 71,771.00                                   | 45,820.00                        |
| SECP Transaction Fee                       | 161,410.00                                  | 113,168.00                       |
| KSE Fees & Others                          | 87.00                                       | 137,516.00                       |
| NCHS Fees                                  | 340,200.00                                  | 283,706.00                       |
|  | <b>1,451,786.00</b>                         | <b>838,591.00</b>                |

  
ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.

  
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## Zafar Moti Capital Securities (Private) Limited

### Details of Notes

As at 30th June, 2015

|  | <u>30<sup>th</sup> June, 2015</u> | <u>30th June, 2014</u> |
|--|-----------------------------------|------------------------|
|  | Rupees                            | Rupees                 |
| <b>13). <u>Operating Expenses</u></b>  |                                   |                        |
| Salaries Expenses                      | 1,551,600.00                      | 958,500.00             |
| Electric, Telephone & Internet Charges | 312,218.00                        | 185,490.00             |
| Fees & Subscriptions                   | 1,372,575.00                      | 920,275.00             |
| Printing & Stationery                  | 55,579.00                         | 15,360.00              |
| Entertainment Expenses                 | 84,540.00                         | 74,105.00              |
| Misc & General Expenses                | 794,435.00                        | 355,756.00             |
| Repair & Maintenance                   | 213,250.00                        | 298,775.00             |
| Depreciation                           | 116,466.00                        | 144,407.00             |
|  | <b>4,500,663.00</b>               | <b>2,952,668.00</b>    |
| <b>14). <u>Financial Expenses</u></b>  |                                   |                        |
| Markup Expenses                        | 6,118,330.00                      | 5,360,691.00           |
| Bank Charges                           | 422,722.00                        | 331,035.00             |
|  | <b>6,541,052.00</b>               | <b>5,691,726.00</b>    |
| <b>15). <u>Other Income</u></b>        |                                   |                        |
| Divident Income                        | 1,312,295.00                      | -                      |
|  | <b>1,312,295.00</b>               | -                      |

  
ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.

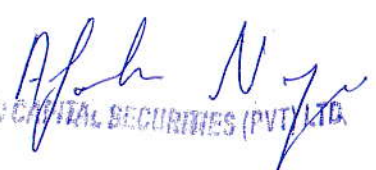
  
ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.

Zafar Moti Capital Securities (Private) Limited

Depreciation Schedule  
As at 30th June, 2015

| Particular          | Balance B/F.      | Addition During the Year | Total Fixed Assets | Rate | Depreciation For the Year | Depreciable Value 30-06-2015 |
|---------------------|-------------------|--------------------------|--------------------|------|---------------------------|------------------------------|
| Furniture & Fixture | 84,658.00         | -                        | 84,658.00          | 10%  | 8,466.00                  | 76,192.00                    |
| Computer Software   | 540,000.00        | -                        | 540,000.00         | 20%  | 108,000.00                | 432,000.00                   |
|                     | <b>624,658.00</b> | <b>-</b>                 | <b>624,658.00</b>  |      | <b>116,466.00</b>         | <b>508,192.00</b>            |

  
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