

***ZAFAR MOTI CAPITAL SECURITIES
(PRIVATE) LIMITED***

FINANCIAL STATEMENTS

***FOR THE HALF YEAR ENDED
DECEMBER 31, 2017***

ZAFAR MOTI CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

		31-Dec-17	2017
	Note	(Rupees)	
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Property and equipment	4	58,287	58,287
Intangible assets	5	20,241,920	5,241,920
Investment - available for sale	6	41,163,833	41,163,833
Long term deposits	7	500,000	700,000
		61,964,040	47,164,040
 <u>CURRENT ASSETS</u>			
Trade debts	8	189,394,198	151,548,883
Investment - held for trading	9	30,488,945	30,488,945
Loan to director	10	40,389,607	40,389,607
Advances, deposits, prepayments and other receivables	11	4,688,268	29,396,515
Cash and bank balances	12	8,271,266	3,504,984
		273,232,284	255,328,934
		335,196,324	302,492,974
 <u>EQUITY AND LIABILITIES</u>			
<u>CAPITAL RESERVES</u>			
Authorized capital		55,000,000	55,000,000
Issued, subscribed and paid-up capital	13	52,800,000	52,800,000
Unrealised gain on remeasurement		35,163,834	35,163,834
Unappropriated profit		175,072,894	208,248,584
		263,036,728	296,212,418
 <u>CURRENT LIABILITIES</u>			
Trade and other payable	14	72,159,595	4,962,701
Short term loan - unsecured	15	-	1,317,855
Provision for taxation		-	-
		72,159,595	6,280,556
 Contingencies and commitments	 16		 -
		335,196,323	302,492,974

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


 Chief Executive




 Director

ZAFAR MOTI CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 2017


	Note	Dec-17	Jun-17
			<i>(Rupees)</i>
Operating revenue	17	1,621,234	10,134,288
Operating and administrative expenses	18	(11,089,969)	(7,867,732)
Financial charges	19	(37,885)	(4,741,804)
Provision for doubtful debts	8.1	-	(25,000,000)
Other income	20	(23,090,469)	80,183,334
Net profit before taxation		<u>(32,597,090)</u>	<u>52,708,085</u>
Taxation	21	(578,600)	(7,966,762)
Net profit after taxation		<u><u>(33,175,690)</u></u>	<u><u>44,741,323</u></u>
Earning per share - Basic and diluted			<u><u>8.47</u></u>

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



 Chief Executive





 Director

4. PROPERTY AND EQUIPMENT

Particulars	Cost			Rate %	Depreciation			W.D.V.
	As at July 01, 2016	Additions/(Deletions)	As at Jun 30, 2017		As at July 01, 2016	For the year	As at Jun 30, 2017	As at June 30, 2017
	-----Rupees-----				-----Rupees-----			
Furniture and Fixtures	370,000	-	370,000	15%	301,427	10,286	311,713	58,287
June 30, 2017	370,000	-	370,000		301,427	10,286	311,713	58,287
June 30, 2016	370,000	-	370,000		293,808	7,619	301,427	68,573

Dec-17

Jun-17

(Rupees)

5. INTANGIBLE ASSETS

Trading Right Entitlement Certificate (TREC)	5.1	20,000,000	5,000,000
Computer Software	5.2	241,920	241,920
		<u>20,241,920</u>	<u>5,241,920</u>

5.1 This represents TREC acquired on surrender of Stock Exchange membership Card. According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once the company intending to carry out shares brokerage business in the manner to be prescribed.

5.2 Opening Balance	-	345,600
Amortization	-	(103,680)
	-	<u>241,920</u>

6. INVESTMENT - AVAILABLE FOR SALE

Investment in shares of Pakistan Stock Exchange	6.1	<u>41,163,833</u>	<u>41,163,833</u>
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6.1 This represent 1,602,953 shares of Pakistan Stock Exchanges acquired in pursuance of Corporatisation, Demutualization and integration Act, 2012. As per agreement each member received 4,007,373. Out of 4,007,373 the company already sold 2,404,430 shares to Chinese investors and in open market.

7. LONG-TERM DEPOSITS

Central Depository Company - deposit	100,000	100,000
Deposit in NCCPL	400,000	600,000
	<u>500,000</u>	<u>700,000</u>

8. TRADE DEBTS

Trade debts - unsecured considered good		189,394,198	176,548,883
Provision for doubtful debts	8.1	-	(25,000,000)
		<u>189,394,198</u>	<u>151,548,883</u>

9.1 Age analysis of trade debts

More than 5 days	9.1.1	121,675,614
Less than 5 days		54,873,269
		<u>-</u>
		<u>176,548,883</u>

9.1.1 Provision as required under sub-clause h (i) of clause 34 of Securities Brokers (Licensing and Operations) Regulations 2016 was not provided in the accounts as the company recovered majority of amount subsequent to year end. However the company has provided Rs. 25 million as provision for bed debts.



		Dec-17 (Rupees)	Jun-17 (Rupees)
9. SHORT TERM INVESTMENT - HELD FOR TRADING			
Investment in quoted securities	9.1	30,488,945	30,488,945
9.1 Investment in various equity shares carried at market value.			
10. LOAN TO DIRECTORS			
Loan to directors	10.1	40,389,607	40,389,607
10.1 This represents the amount given as short term loan to directors, which is repayable on demand.			
11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advance tax - net		-	2,904,327
Receivable from PSX	11.1	4,488,268	12,492,188
PSX base minimum capital deposit		200,000	14,000,000
		<u>4,688,268</u>	<u>29,396,515</u>
11.1 This amount includes an amount of Rs.4,488,268 retained by PSX from sale proceeds of PSX shares to Chinese investors. The amount will be retained for the period of one year.			
12. CASH AND BANK BALANCES			
Cash in hand		-	-
Cash at bank		8,271,266	3,504,984
		<u>8,271,266</u>	<u>3,504,984</u>
13. SHARE CAPITAL			
13.1 AUTHORIZED SHARE CAPITAL			
	2017 (Number of shares)	2016 (Rupees)	
	<u>5,500,000</u>	<u>55,000,000</u>	
	<u>5,500,000</u>	<u>55,000,000</u>	
	ordinary shares of Rs. 10 each		
13.2 ISSUED SUBSCRIBED AND PAID-UP CAPITAL			
	<u>5,280,000</u>	<u>52,800,000</u>	
	<u>5,280,000</u>	<u>52,800,000</u>	
	ordinary shares of Rs. 10 each fully paid in cash		
13.3 PATTERN OF SHAREHOLDING		Number of shares	Percentage of shareholding
i Zafar Siddiq Moti		5,150,000	97.54%
ii Afshan Zafar Moti		10,000	0.19%
iii Jabir Siddiq Moti		120,000	2.27%
		<u>5,280,000</u>	
No changes in shareholding above 5%.			
14. TRADE AND OTHER PAYABLES			
Credit balances of clients	14.1.	7,027,343	2,581,189
SST Payable		1,504,753	1,461,849
Other liabilities		69,496,193	919,664
		<u>78,028,288</u>	<u>4,962,701</u>



	Dec-17	Jun-17 (Rupees)
14.1 Credit balances of clients held by the company		2,581,189
14.2 Value of Securities of client held by the company		283,884,632
14.3 Number of Securities of client held by the company		18,478,437
14.4 Number of securities of clients pledged with financial institution.		645,312
14.5 Number of securities of the company pledged with financial institution.		893,373
15. SHORT-TERM LOAN - UNSECURED		
Short-term loan		1,317,855
16. CONTINGENCIES AND COMMITMENTS		
There were no contingencies and commitments as at June 30, 2017.		
17. OPERATING REVENUE		
Brokerage income	17.1	10,134,288
		1,621,234
17.1 Brokerage Income- gross		9,600,110
Sales tax		(1,248,014)
		8,352,096

17.2 TURNOVER DURING THE YEAR

	Turnover of Shares trade	Turnover of Value trade	Commission
Institutional customers	1,733,807	125,226,332	144,217
Proprietary trade	-	-	-
Retail customers	98,676,818	7,127,055,441	8,207,879
	100,410,625	7,252,281,773	8,352,096
Other charges			(6,730,862.12)
Brokerage income			1,621,234

18. OPERATING AND OTHER EXPENSES

Salaries and allowances	796,000	1,592,150
Printing, stationary and periodicals	6,800	56,368
Utilities	382,855	1,116,963
Rent, rates and taxes	-	359,898
Regulatory charges	593,077	2,505,076
Entertainment	-	75,270
Repair and maintenance	492,377	307,066
Legal and professional	307,500	819,525
Depreciation	-	10,286
Amortisation	-	103,680
Auditor's remuneration	111,500	206,850
Miscellaneous	8,346,660	551,600
Others	53,200	163,000
	11,089,969	7,867,732

19 FINANCE COST

Mark-up on overdraft	17,455	4,215,655
Bank Charges	20,430	526,149
	37,885	4,741,804



	Dec-17	Jun-17 (Rupees)
20. OTHER INCOME		
Gain on investment - held for trading	(23,917,429)	20,023,898
Gain on investment - available for sale - Realised	-	57,881,795
Dividend income	-	2,277,641
Other Income	826,960	
	<u>(23,090,469)</u>	<u>80,183,334</u>

21. TAXATION

The Company has filed return for the tax year 2016. According to Income Tax Ordinance 2001, the return filed is deemed to be an assessment order unless modified by Commissioner of Income Tax.

Provision for taxation

- Current year	578,600	6,751,550
- Prior year	-	1,215,212
- Deferred	-	-
Net tax charge	<u>578,600</u>	<u>7,966,762</u>

21.1

21.1 No deferred tax asset/liability is recorded as the future taxation of the company is not levied on accounting profit.

22. PRIOR PERIOD ADJUSTMENT

The Company identified certain errors in its books of account of prior years. During the year 2012-2013 at the time of surrender of membership card in exchange of share of Pakistan stock exchange limited the company has not splitted the membership card into intangible asset and investment available for sale that was the incorrect accounting treatment. These adjustments have been accounted for retrospectively in conformity with the requirement of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Error" as a result of which the corresponding figures for prior years have been restated. The effects of restatement on the financial statements of the current year are as follows :

	As previously recorded	Effect of prior period adjustment	2016 (Restated)
Intangible Assets	20,000,000	(15,000,000)	20,000,000
Investment - available for sale	-	15,000,000	15,000,000

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. Pakistan Stock Exchange (PSX) and Securities and Exchange Commission of Pakistan (SECP) has regulated the company and management policies of both PSX and SECP have been adopted by the Company.



23.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. As per SECP regulations the company can not provide credit for purchase of shares therefore the company believes that it is not exposed to major concentration of credit risk and applies credit limits and deal with credit worthy parties.

The carrying amount of financial assets represent the maximum credit exposure, as specified below:

	Carrying amount	
	2017	2016 (Restated)
	<i>Rupees</i>	
Long term deposits		700,000
Loan to directors		40,389,607
Advances, deposits, prepayments and other receivables		26,492,188
Trade debts		151,548,883
Investment - available for sale		41,163,833
Short term investment		30,488,945
Bank balances		3,504,984
		294,288,440

23.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. Company finances its operations through equity only.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	2017			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial Liabilities				
Trade and other payable	78,028,288	78,028,288	78,028,288	-
Short term loan - unsecured	1,317,855	1,317,855	1,317,855	-
	2016 (Restated)			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial Liabilities				
Trade and other payable	4,962,701	4,962,701	4,962,701	-
Short term loan - unsecured	1,348,480	1,348,480	1,348,480	-

23.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risks comprises of three types of risks: Foreign exchange or currency risks, Interest/Mark-up rate risks and Price risks. The market risks associated with the Company's business activities are discussed as under:



a) **Price risk**

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices of the most significant in comparison to overall assets of the company. The company has equity investment of Rs. 71.6 million there is expose to price risk.

b) **Interest rate risk**

The company is not exposed to any interest rate risk as the company does not have any interest based assets and liabilities.

23.4 Capital risk management

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern, so that it can continue to create value for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The company manages its capital structure which comprises capital and reserves by monitoring return on net assets and make adjustments to it in the light of economic conditions. There were no changes to company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

23.5 Fair value

The carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

24. TRANSACTION WITH RELATED PARTIES

Related parties comprises of Parent Company, associates company and other companies with common directors and key management personnel.

Detail of transaction with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows.

	Dec-17 (Rupees)	Jun-17 (Rupees)
Loan to directors	40,389,607	-

25. NUMBER OF EMPLOYEES

Total number of employees as at June 30

5	5
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26. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on _____ by the Board of Directors of the company.

27. GENERAL

Figures have been rearranged and reclassified wherever necessary, for the purpose of comparison and have been rounded off to the nearest Rupee.


Chief Executive




Director