

**PUNJAB CAPITAL SECURITIES  
(PRIVATE) LIMITED**

**Financial Statements  
For the Period Ended 03 March, 2017**

**MUDASSAR EHTISHAM & CO.  
CHARTERED ACCOUNTANTS**



GENEVA GROUP INTERNATIONAL  
SWITZERLAND

**MUDASSAR EHTISHAM & CO.**  
Chartered Accountants

Independent Member Of Geneva Group International  
(Switzerland)

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **PUNJAB CAPITAL SECURITIES PRIVATE LIMITED ("THE COMPANY")** as at March 03, 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 period 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 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 period was for the purpose of the Company's business; and
  - III. the business conducted, investments made and the expenditure incurred during the period 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, 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 for the period ended March 03, 2017 and of the loss, its cash flows and changes in equity for the period then ended; and
- d. in our opinion, no Zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

*M. E. S.*

*Mudassar Ehtisham*

Mudassar Ehtisham & Co.  
Chartered Accountants  
Engagement Partner: Muhammad Ehtisham

Lahore

*7 March, 2017*

**Head Office:**  
50/2 Lawrence Road,  
Lahore - Pakistan.  
Tel: +92-42-36370215  
Fax: +92-42-36363614  
info@mudassarehtisham.com

**Islamabad Office:**  
Room No. 2, 2nd Floor,  
Pacific Centre, F-8 Markaz, Islamabad.  
Tel: +92-051-2263636  
Fax: +92-051-2853536  
yasir@mudassarehtisham.com

**Multan Office:**  
Room No. 29, 1st Floor, Hajveri  
Arcade, Kutchery Road, Multan.  
Tel: +92-061-4500967, 4500968  
Fax: +92-061-4780067  
waqas@mudassarehtisham.com

**Faisalabad Office:**  
Office No.1, 1st Floor  
Noor Center, Opposit Mujahid  
Hospital, Faisalabad.  
Phone: +92-041-8503241  
Fax: +92-041-8503242  
irfan@mudassarehtisham.com

**Associates' International Presence**

Dubai (UAE), Jeddah (KSA), London (UK), Melbourne (Australia), New York (USA)

**PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED**

**Balance Sheet**

**As at 03 March, 2017**

**03 March,  
2017**

**Rupees**

**Non-Current Assets**

|                  |   |                  |
|------------------|---|------------------|
| Tangible asset   | 4 | 4,374,500        |
| Intangible asset | 5 | 5,000,000        |
|                  |   | <b>9,374,500</b> |

**Current Assets**

|                                     |   |                   |
|-------------------------------------|---|-------------------|
| Advances, deposits and pre-payments | 6 | 14,891,894        |
| Cash and bank balances              | 7 | 25,335,239        |
|                                     |   | <b>40,227,133</b> |
|                                     |   | <b>49,601,633</b> |

**Equity and Liabilities**

|                                |   |                   |
|--------------------------------|---|-------------------|
| Share capital                  | 8 | 50,000,000        |
| Unappropriated Profit / (Loss) |   | (401,427)         |
|                                |   | <b>49,598,573</b> |

**Current Liabilities**

|                               |  |       |
|-------------------------------|--|-------|
| Accrued and other liabilities |  | 3,060 |
|                               |  | 3,060 |

**Contingencies and commitments**

|    |                   |
|----|-------------------|
| 10 | <b>49,601,633</b> |
|----|-------------------|

**The annexed notes 1 to 20 form an integral part of these financial statements.**

  
Chief Executive

  
Director

**PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED**

**Profit and Loss Account**

**For the Period from 29 November, 2016 to 03 March, 2017**

**29 November, 2016  
to 03 March, 2017**

**Rupees**

**Revenue**

Income from brokerage

11

-

Operating and Administrative expenses

12

(401,327)

**Profit / (Loss) from operation**

**(401,327)**

Bank Charges

(100)

**Profit / (Loss) before taxation**

**(401,427)**

Taxation

9

-

**Profit / (Loss) after taxation**

**(401,427)**

**The annexed notes 1 to 20 form an integral part of these financial statements.**

Lahore:

  
Chief Executive

  
Director

# PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED

## Cash Flow Statement

For the Period from 29 November, 2016 to 03 March, 2017

29 November, 2016 to  
03 March, 2017

Note

Rupees

### Cash flows from operating activities

(Loss) before taxation

(401,427)

Adjustments for non cash items:

Bank Charges

100

100

### Operating profit before working capital changes

(401,327)

### Changes in operating assets and liabilities

Advances, deposits and pre-payments

(14,891,894)

Accrued and other liabilities

3,060

### Cash utilized in operations

(15,290,161)

Taxes paid

Bank Charges paid

-

(100)

(100)

### Net cash used in operating activities

(15,290,261)

### Cash flows from investing activities

Purchase of Assets

Purchase of intangible Assets

(4,374,500)

(5,000,000)

### Net cash used in investing activities

(9,374,500)

### Cash flows from financing activities

Share capital issued

50,000,000

### Net cash generated from financing activities

50,000,000

### Net (decrease)/increase in cash and cash equivalents

25,335,239

### Cash and cash equivalents at the beginning of the period

-

### Cash and cash equivalents at the end of the period

25,335,239

7

The annexed notes 1 to 20 form an integral part of these financial statements.

  
Chief Executive

  
Director



# PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED

## Statement of Changes in Equity

For the Period from 29 November, 2016 to 03 March, 2017

|                                  | <u>Share<br/>capital</u><br>Rupees | <u>Unappropriated<br/>profit/ (Loss)</u><br>Rupees | <u>Total</u><br>Rupees |
|----------------------------------|------------------------------------|--|------------------------|
| Balance as at 29 November, 2016  | -                                  | -  | -                      |
| Capital issued during the period | 50,000,000                         |  | 50,000,000             |
| (Loss) for the period            | -                                  | (401,427)  | (401,427)              |
| Balance as at 03 March, 2017     | <u>50,000,000</u>                  | <u>(401,427)</u>                                   | <u>49,598,573</u>      |

The annexed notes 1 to 20 form an integral part of these financial statements.

Lahore:

  
Chief Executive

  
Director

# PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED

## Notes to the Financial Statements

*For the Period from 29 November, 2016 to 03 March, 2017*

### **1 The Company's operations and registered office**

Punjab Capital Securities (Private) Limited ("the Company") was incorporated in November 29, 2016 as a private limited Company under the Companies Ordinance, 1984. The Company is mainly engaged in the business of brokerage services, portfolio management and consultancy services. The company is wholly owned subsidiary of First Punjab Modaraba. The registered Office of the Company is situated at Room No. 319, 3rd Floor, LSE Building, Lahore.

### **2 Statement of compliance**

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (The Ordinance) and the proved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the ordinance, provisions of and Directives issued under the ordinance. Wherever the requirements of the ordinance or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Ordinance or the requirements of the said directives prevail.

### **3 Significant accounting policies**

#### **3.1 Accounting Convention**

The financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at their fair value or amortized cost as applicable.

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

#### **3.2 Property and equipment**

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except freehold land and capital work in progress are stated at Cost.

Depreciation is calculated using the reducing balance method, at the rates specified in the fixed assets schedule, which are considered appropriate to write off the cost of the assets over their estimated useful lives. The Depreciation on property and equipment is charged on monthly basis.

#### **3.3 Intangible assets**

This is stated at cost less impairment losses, if any. The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

*1/10/17*

### **3.4 Long Term Deposits and Loans**

Long term deposits and Loans are stated at Cost.

### **3.5 Loans and Receivables**

These are non derivative financial Assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are de-recognised or impaired as well as through the amortization process.

### **3.6 Taxation**

#### ***Current***

The charge for current taxation is based on taxable income at current rate of taxation of the Income Tax Ordinance, 2001 after taking into account applicable tax credits and rebates, if any.

#### ***Deferred Taxation***

The company accounts for deferred taxation, using the liability method on all temporary timing differences. However, deferred tax is not provided if it can be established with reasonable accuracy that these differences will not reverse in the foreseeable future.

### **3.7 Trade and settlement date accounting**

All "regular way" purchases and sales of listed securities are recognized on the trade date, i.e. the date that the Company commits to purchase/ sell the asset. Regular way purchase or sale of financial assets are those, the contract for which requires delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

### **3.8 Revenue recognition**

- a) Brokerage, advisory fees, commission and other income are accrued as and when due.
- b) Dividend income on equity investments is recognized, when the right to receive the same is established.
- c) Gains or losses on sale of investments are recognized in the period in which they arise.
- d) Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized at the time commitment is fulfilled.
- e) Consultancy, advisory fee and service charges are recognized as and when earned.
- f) Unrealized capital gains/(losses) arising from marking to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account in the period in which they arise.

### **3.9 Return on financing and borrowings**

Return on financing and borrowings is recognized on a time proportionate basis taking into account the relevant issue date and final maturity date.

*14/11/14*



### **3.10 Provisions**

A provision is recognized when the Company has a present legal or constructive obligation 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.

### **3.11 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balance with banks on current and deposit accounts and short term running finance account.

### **3.12 Contingencies and Commitments**

Capital commitments and Contingences, unless those are actual liabilities, are not incorporated in the accounts.

*1/10/12*

**PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED**

29 November, 2016 to  
03 March, 2017

|   | <i>Note</i> | <b>Rupees</b>             |
|---|-------------|---------------------------|
| <b>4 Tangible Asset</b>   |             |                           |
| LSE Room  |             | 4,374,500                 |
|   |             | <u><b>4,374,500</b></u>   |
| <b>5 Intangible Asset</b>   |             |                           |
| Trading Right Entitlement Certificate (TREC)                                    |             | 5,000,000                 |
|   |             | <u><b>5,000,000</b></u>   |
| Value of TRE Certificate of Pakistan Stock Exchange Limited is Rs. 5 million.   |             |                           |
| <b>6 Advances, Deposits and Pre-payments</b>                                    |             |                           |
| Advance for shares of Lahore Stock Exchange Financial Services Limited (LSEFSL) |             | 14,891,894                |
|   |             | <u><b>14,891,894</b></u>  |
| <b>7 Cash and bank balances</b>   |             |                           |
| Cash in hand  |             | 25,000                    |
| Cash in Bank  |             |                           |
| In saving/ Profit Accounts  |             | -                         |
| In Current Accounts   |             | 25,310,239                |
|   |             | <u>25,310,239</u>         |
|   |             | <u><b>25,335,239</b></u>  |
| <b>8 Share capital</b>  |             |                           |
| <b>Authorized</b>   |             |                           |
| 10,000,000 Ordinary shares of Rs. 10 each                                       |             | 100,000,000               |
|   |             | <u><b>100,000,000</b></u> |
| <b>Issued, subscribed and paid up</b>   |             |                           |
| 5,000,000 Ordinary shares of Rs. 10 each fully paid-up in cash                  |             | 50,000,000                |
|   |             | <u><b>50,000,000</b></u>  |
| <b>9 Provision for taxation</b>   |             |                           |
| Opening Balance   |             | -                         |
| Add: Taxation for the Period  |             | -                         |
|   |             | -                         |
| Less:   |             |                           |
| Adjusted against Advance Tax/paid   |             | -                         |
|   |             | <u>-</u>                  |
|   |             | <u><b>-</b></u>           |
| <b>10 Contingencies and Commitments</b>   |             |                           |

10.1 There are no contingencies and commitments for the period ended March 03, 2017.

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**PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED**

29 November, 2016 to

03 March, 2017

| 11        | Income from brokerage   | <i>Note</i> | Rupees         |
|-----------|---|-------------|----------------|
|           | Commission Income - Net   |             | -              |
|           |   |             | -              |
|           |   |             | -              |
| <b>12</b> | <b>Operating and Administrative expenses</b>  |             |                |
|           | Salaries and wages  |             | 325,000        |
|           | Telephone charges   |             | 7,500          |
|           | Travelling and conveyance   |             | 68,827         |
|           |   |             | <u>401,327</u> |
| <b>13</b> | <b>Taxation</b>   |             |                |
| 13.1      | This represent Current Taxation which has been provided Under Section 233A of Income Tax Ordinance, 2001 and Normal Taxation on other Income. |             |                |
| 13.2      | Deferred Taxation has not been provided as the Company is subject to Presumptive Taxation.  |             |                |
| 13.3      | No turn over during the period, therefore no provision of minimum taxation under section 113 of Income Tax Ordinance 2001.                    |             |                |
| <b>14</b> | <b>Remuneration of Chief Executive, Directors and Executives</b>  |             |                |
|           | <u>Managerial Remuneration including House Rent &amp; Utility</u>   |             |                |
|           | Chief Executive   |             | 200,000        |
|           | Executives  |             | -              |
|           | Directors   |             | -              |
|           |   |             | <u>200,000</u> |

Managerial remuneration has been paid to CEO Rs. 200,000/- of the company during the period.

**15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**15.1 Financial Risk Factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

**15.2 Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

*MSK*

## PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED

### a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company activities at present does not expose to any currency risk.

### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

#### Financial liabilities

-

#### Fixed Rate Instruments

Long Term Loans

-

#### Variable Rate Instruments

-

### c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market.

### 15.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts, advances, investments and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

### 15.4 Exposure to credit risk

The maximum exposure to credit risk as at March 03, 2017 along with comparative is tabulated below:

Bank balances

25,310,239

### 15.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

*M.H.*



**16 CAPITAL RISK MANAGEMENT**

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

**17 Accounting Estimates And Judgments**

**17.1 Property, plant and equipment**

The Company reviews the rate of depreciation/useful life, residual values and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

**17.2 Intangible assets**

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of respective items of intangible asset with a corresponding affect on the amortization charge and impairment.

**17.3 Investment stated at fair value**

The Company has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point in time based on market conditions and information about financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore cannot be determined with precision.

**17.4 Trade debts**

The Company reviews its debts portfolio regularly to assess amount of any provision required against such debtors.

**18 Number of employees**

Total number of employees at the end of period was 3. Average number of employees was 3.

**PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED**

**19 Authorization**

19.1 These financial statements were authorized for issue on 7 March, 2017 by the Board of Directors of the Company.

**20 General**

20.1 Figures have been rounded off to the nearest of rupee.

The annexed notes 1 to 20 form an integral part of these financial statements.

  
Chief Executive

  
Director