

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Asad Mustafa Securities (SMC-Pvt.) Ltd as at June 30, 2014 and the related Income Statement, cash flow statement, statement of changes in equity together with the notes forming part thereof, for the period of seven months 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 purpose 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 Income Statement, cash flow statement, statement of changes in equity 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 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 and Income Statement, cash flow statement, 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, 2014.
- d) In our opinion, no Zakat was deductible at source under Zakat and Ushar Ordinance, 1980.

Dated: 29 September, 2014
Place: Lahore.


INAAM UL HAQ & CO.
CHARTERED ACCOUNTANTS
(Inaam Ul Haq FCA)



ASAD MUSTAFA SECURITIES (SMC PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014 Rs.
Non-current assets		
Preliminary Expenses	4	181,000
Long Term Deposits	5	4,500,000
Current assets		
Advances, Deposits and Prepayments	6	15,068,331
Cash and bank balances	7	5,889,428
		20,957,759
		25,638,759
Share Capital & Reserves		
Authorized Share Capital		13,000,000
Issued, subscribed & paid up capital	8	12,500,000
Unappropriated profit		12,898
		12,512,898
Share deposit money	9	13,102,387
Trade and other payables	10	19,175
Provision for Taxation		4,299
		23,474
		25,638,759

The annexed notes 1 to 16 form an integral part of the financial statement



Chief Executive



Director



ASAD MUSTAFA SECURITIES (SMC PRIVATE) LIMITED
INCOME STATEMENT
FOR THE PERIOD OF SEVEN MONTHS ENDED JUNE 30, 2014

	Note	2014 Rs.
Revenue		-
Cost of Revenue		<u>-</u>
Gross Profit		-
General and Administrative Expenses	11	32,700
Profit/(Loss) from Operating Activities		<u>(32,700)</u>
Finance costs	12	410
		<u>(33,110)</u>
Other Income	13	50,307
		<u>17,197</u>
Taxation	14	4,299
Profit after tax		<u>12,898</u>

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


Chief Executive




Director

ASAD MUSTAFA SECURITIES (SMC PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD OF SEVEN MONTHS ENDED JUNE 30, 2014

	Share Capital	Un- appropriated profit	Total
1,250,000 Ordinary shares of Rs. 10 each fully paid in cash	Rs. 12,500,000	-	Rs. 12,500,000
Net profit for the year ended June 30, 2014	-	12,898	12,898
Balance as at June 30, 2014	12,500,000	12,898	12,512,898

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


 Chief Executive




 Director

ASAD MUSTAFA SECURITIES (SMC PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD OF SEVEN MONTHS ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	2014 Rs.
Profit before tax	17,197
Adjustment for:	
Preliminary Expenses	(181,000)
Finance cost	410
	(163,393)
Operating profit before working capital changes	(163,393)
(Increase) / decrease in current assets:	
Short Term deposits and prepayments	(15,068,331)
Increase / (decrease) in current liability:	
Creditors, accruals & other liabilities	23,474
	23,474
Cash generated from operations	(15,208,250)
Finance cost	(410)
Income tax paid	(4,299)
	(4,299)
Net cash from operating activities	(15,212,959)
CASH FLOWS FROM INVESTING ACTIVITIES	
Long term deposits	(4,500,000)
	(4,500,000)
Net cash used in investing activities	(4,500,000)
CASH FLOWS FROM FINANCING ACTIVITIES	
Share Capital Issue	12,500,000
Share deposit money	13,102,387
	25,602,387
Net cash used in financing activities	25,602,387
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	5,889,428
Cash at the beginning of the year	-
	-
Cash and cash equivalents at the end of the year	5,889,428


 Chief Executive




 Director

ASAD MUSTAFA SECURITIES (SMC PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD OF SEVEN MONTHS ENDED JUNE 30, 2014

1. THE COMPANY AND ITS OPERATION

Asad Mustafa Securities (SMC-Pvt.) Ltd was incorporated on November 11, 2013 in Pakistan under the Companies Ordinance 1984. The company's registered office is located at 601/1-1 Z DHA Phase-3, Lahore. The principal activity is to rendered services as broker of stock exchanges in Pakistan for carrying on the activities of buying, selling or dealing in securities and carrying such other activities as permitted by Stock Exchanges. The company is yet to start its business operation.

2. SIGNIFICANCE ACCOUNTING INFORMATION AND POLICIES

2.1 Accounting Convention

These financial statements have been prepared under the historical cost except as otherwise stated.

2.2 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards for small size entities as applicable in Pakistan. Approved accounting standards comprise of such international financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

2.3 Trade debts and other receivable

Trade debts are initially recognized at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amount of trade debts and other receivable are assessed at each reporting date and provision is made for doubtful debts and receivables when collection of amount is no longer probable. Debts and receivables considered irrecoverable are written off.

2.04 Trade and other payables

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



2.05 Taxation

Current

Provision for current taxation is based on higher of minimum tax on turnover or taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and tax paid on presumptive basis.

Deferred

Deferred tax asset is accounted for keeping in view the conservative policy. There is no deferred tax liability.

2.06 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 of cash in hand and balances with banks.

2.07 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets.

All other borrowing costs are recognized as an expense in the period in which these are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.08 Provision

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 of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

2.09 Revenue recognition

- Profit on bank balances are recognized on a time proportion basis on the principal amount outstanding and at the applicable rate.
- Dividend income and entitlement of bonus shares are recognized when right to receive such divided and bonus shares is established.



- Gains / (Losses) arising on disposal of investments are included in income currently and are recognized on the date when the transaction takes place.
- Unrealized gains/(Losses) arising on revaluation of securities as available for sale are included in other comprehensive income in the period in which they arise.

2.10 Off-Setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amounts and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.11 Dividend and other appropriations

Dividend is recognized as a liability in the period in which it is declared. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

2.12 Financial instruments

2.12.1 Financial assets

The company classified its financial assets in the following categories: at fair value through profit of loss, loans and receivables, available-for-sale and the financial assets held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.



c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. Available-for-sale financial assets are classified as short term investments in the balance sheet.

d) Held to maturity

Held to maturity are financial assets either fixed or determined payments and fixed maturity, where management has the intention and ability to hold till maturity are carried at amortized cost.

All financial assets are recognized at the time when the company becomes a party to the contractual provisions of the instruments. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortized cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the company measures the investments at cost less impairment in value, if any.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.



2.12.2 Financial Liabilities

All financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a de recognition of the original liability and recognition of new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimated are significant to the financial statements are as follows:

- a) Provisions
- b) Provision for impairment of trade debts, financial assets and other receivables;
- c) Taxation.



ASAD MUSTAFA SECURITIES (SMC PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE PERIOD OF SEVEN MONTHS ENDED JUNE 30, 2014

	Note	2014 Rs.
4 Preliminary Expenses		
Preliminary Expenses		181,000
		<u>181,000</u>
5 Long Term Deposits		
Deposit with Lahore stock exchange for Trading Right Entitlement (TRE) certificate		4,100,000
Security Deposits with (NCCPL & CDC)		400,000
		<u>4,500,000</u>
6 Advances, Deposits and Prepayments		
Advance for purchase of shares of PPL		12,900,000
Advance for Lahore Stock Exchange office		2,132,800
Advance for software development		25,000
Advance income Tax		5,031
Prepaid CDC connection fee		5,500
		<u>15,068,331</u>
7 Cash and Bank Balances		
At banks		
In Current accounts		5,889,428
Cash in hand		-
		<u>5,889,428</u>
8 Share Capital		
Authorized Share Capital		
This represents 1,300,000 ordinary shares of Rs. 10 each		<u>13,000,000</u>
Issued, Subscribed and Paid Up Capital		
1,250,000 ordinary shares of Rs. 10 each fully paid in cash		12,500,000
		<u>12,500,000</u>
9 Long Term Loans from Director-Unsecured		
Interest free loan from director		13,102,387
		<u>13,102,387</u>
The loan is repayable according to liquidity position of the company and in next 12 months time there is no plan for any repayment.		



ASAD MUSTAFA SECURITIES (SMC PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE PERIOD OF SEVEN MONTHS ENDED JUNE 30, 2014

	2014 Rs.
10 Trade and Other Payables	
Audit Fee Payable	15,000
CDC Subscription Payable	4,175
	19,175
11 General and Administration Expenses	
Subscription fee-CDC connection fee	4,700
Misc. Expenses	13,000
Audit fee	15,000
	32,700
12 Finance Expenses	
Bank Charges	410
	410
13 Other Income	
Profit on short term deposit with Bank	50,307
	50,307
14 Taxation	
Current year taxation	4,299
	4,299

15 Date of Authorisation for Issue

These financial statements were authorised for issue by the Board of Directors of the company in its meeting held on 28 september, 2014

16 Corresponding Figures

Corresponding figures are re-arranged, wherever necessary, for the purpose of comparison. However, no such significant re-arrangements have been made in these financial statements.



 Chief Executive



 Director

