

ASAD MUSTAFA SECURITIES (SMC-PVT) LIMITED  
 STATEMENT OF FINANCIAL POSITION  
 AS AT SEP 30, 2017

EQUITY AND LIABILITIES	Notes	30/09/2017 Rupees	ASSETS	Notes	30/09/2017 Rupees
<b>Share Capital and Reserves</b>			<b>Non Current Assets</b>		
Authorised Share Capital					
10,000,000 (2016 : 2,000,000) Ordinary Shares of Rs.10 each		<u>100,000,000</u>	Intangible Assets	4	6,257,800
			Long-term Investments	5	71,883,719
<u>Issued, Subscribed &amp; Paid-up Capital</u>			Long-term Security Deposits	6	560,000
9,700,000 (2016: 7,700,000) Ordinary Shares of Rs.10 each	10	97,000,000			<u>78,701,519</u>
Accumulated Profit / (Loss)		<u>13,922,193</u>			
		110,922,193			
<b>Non-Current Liabilities</b>			<b>Current Assets</b>		
Long-term Loan	11		Short-term Investments	7	34,600,500
			Trade Debtors		12,570
<b>Current Liabilities</b>			Advances, Deposits and Other Receivab	8	1,770,539
Short-term Loan	12	4,549,488	Cash and Cash Equivalents	9	2,986,252
Provision for Income Tax		1,542,461			<u>39,369,861</u>
Creditors, accrued and other liabilities	13	1,057,237			
		7,149,186			
<b>Contingencies &amp; Commitments</b>	14				
		<u>118,071,379</u>			<u>118,071,380</u>

\*\* Auditors report is annexed

\*\* The annexed notes from 1 to 24 form an integral part of these financial statements.

CHIEF EXECUTIVE / DIRECTOR

**ASAD MUSTAFA SECURITIES (SMC-PVT) LIMITED**  
**PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED SEP 30, 2017**

	Notes	SEP 2017 Rupees
Brokerage Income	15	141,058
Operating and Administrative Expenses	16	<u>394,917</u>
<b>Operating Profit/ (Loss)</b>		<b>(253,859)</b>
Other Income	17	-
Finance Cost	18	35
Loss / (Gain) on Re-measurement of Investments at Fair Value Through Profit or Loss	19	4,218,500
<b>Profit/ (Loss) Before Tax for the year</b>		<b><u>3,964,606</u></b>
Taxation	20	-
<b>Profit/ (Loss) After Taxation</b>		<b><u><u>3,964,606</u></u></b>

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**CHIEF EXECUTIVE / DIRECTOR**

### **3.11 Provisions**

Provisions are recognised 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 obligation.

### **3.12 Related Party Transactions**

Parties are considered to be related if one party has ability to control the other party and/or exercise significant influence over the other party in making financial and operating decisions. The company can enter into transactions with related parties on an arm's length basis determined in accordance with comparable uncontrolled price method.

### **3.13 Financial Instruments**

#### **3.13.1 Financial Assets**

The company classifies its financial assets in the following categories; at fair value through profit or loss, loans and receivables, available-for-sale and 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 and 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. They are included in current assets, except for assets with maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables are classified as trade debts, loans and advances, deposits, and other receivables and in the Balance Sheet.

**c) Available-for-sale financial assets.**

Available-for-sale financial assets are non-derivative financial assets 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 investment within twelve months from the Balance Sheet date. Available-for-sale financial assets are classified as short term investments in the Balance Sheet.

Changes in fair value of securities classified as available-for-sale are recognised in equity.

#### **3.13.2 Financial Liabilities**

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

All the financial liabilities are derecognised when the obligation under the liability is discharged or cancelled, or when it expires. 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 derecognised liability in the profit & loss account.

#### **3.13.3 Offsetting**

Financial assets and liabilities are offset (and the net amount is reported in the balance sheet) if the company has as a legally enforceable right to set off the recognised amounts and the company intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

**4 INTANGIBLE ASSETS**

Software (LSE Back Office)		25,000
Trading Right Entitlement Certificate (TREC)	4.1	4,100,000
Room Rights - LSE Plaza South Tower		2,132,800
		<u>6,257,800</u>

- 4.1 Pursuant to Memorandum of Understanding signed between Karachi Stock Exchange Limited (KSE), Lahore Stock Exchange Limited (LSE) & Islamabad Stock Exchange Limited (ISE) for integration of all three stock exchanges in Pakistan as envisaged in the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012 (XV of 2012) [the Act], the Company has been issued TREC's of Pakistan Stock Exchange, in lieu of TREC of LSE previously issued. These have been carried at Cost less impairment.

**5 LONG TERM INVESTMENTS****Investment in:**

NMDA Ltd - at cost		56,996,000
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**At fair value through profit or loss - designated on initial recognition**

LSE Financial Services Limited (formerly Lahore Stock Exchange Limited - LSEL)	5.1	14,887,719
		<u>71,883,719</u>

- 5.1 Pursuant to the promulgation of Stock Exchanges (Corporation, Demutualization and intergration) Act 2012, the company has received of 843,975 shares at Rs. 10 each with a total face value of Rs. 8,439,750 and Trading Right Entitlement Certificate (TREC) to the Company by the LSE Financial Services Limited (LSEFSL, formerly LSEL). Out of total shares issued by the LSE Financial Services Limited, the Company has received 40% equity shares i.e. 337,590 shares in its CDC Pledged account. The remaining 60% shares (506,385 shares) have been transferred to CDC sub-account in the company's name under the LSE's participant IDs with the CDC.

The Company has recognised the investment at fair value through profit or loss on the basis of break up value of shares of LSEFSL after considering the latest available financial information. In the absence of an active market, the acquisition cost of the shares was the closest estimate of the fair value of the shares and, as such, the shares were recorded at cost as at June 30. 2016. In December 2016. LSEFSL issued a circular notifying shareholders of

**6 LONG TERM SECURITY DEPOSITS**

National Clearing Company of Pakistan Limited		400,000
Central Depository Company of Pakistan Limited		100,000
Lahore Stock Exchange Ltd.		60,000
Pakistan Stock Exchange Ltd.		-
		<u>560,000</u>

**7 SHORT TERM INVESTMENTS**

Investment in Listed Securities		30,382,000
Loss on re-measurement of Investment in listed securities at fair value through profit or loss		4,218,500
		<u>34,600,500</u>

**8 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Tax Refundable		42,427
Advance Tax		1,589,889

Client CGT Receivable		6,810
Deposit against DFC Trading Exposure		-
PST on Purchase		201
NCSS		131,211
Capital Value Tax		-
		<u>1,770,539</u>

**9 CASH AND CASH EQUIVALENTS**

Cash in Hand		
Cash at Bank	132-20311-714-110923	1,076,503
Cash at Client Bank Account	132-20610-714-113383	1,909,749
		<u>2,986,252</u>

**10 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

	2017	2016		
	Number of shares			
	<u>9,700,000</u>	<u>7,700,000</u>	Ordinary shares of Rs. 10/- each fully paid	<u>97,000,000</u>

**11 LONG TERM LOAN**

Loan from Director		-
		<u>-</u>

**12 SHORT TERM LOAN**

Loan from Director		4,549,488
		<u>4,549,488</u>

**13 ACCRUED AND OTHER LIABILITIES**

Trade Creditors		1,002,265
NCCPL Charges		4,724
Sales Tax Payable to PRA		2,210
Other Payable		47,370
Audit Fee Payable		-
Capital Value Tax		668
		<u>1,057,237</u>

**14 CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments as at June 30, 2017 (2016: Nil) to which the Company is a party.

**15 COMMISSION INCOME**141,058**16 OPERATING AND ADMINISTRATIVE EXPENSES**

Staff Salaries ,Wages and Bonuses	269,033
Traders' Commission	2,775
Fee & Subscription	10,000
Documentation Fee	1,200
Audit Fee	-
BTB - Commission	-
NCCPL Charges	-
NCCPL Trade Fee Charge to House	-
Stationery Expense	-
Miscellaneous Expenses	1,705
Telecommunication Charges	23,383
KITs Annual Charges to PSX	-
CDC Collection	6,764
Back Office Charges to LSEFSL	4,500
Web Development Charges	-
Rent expense	30,000
Trading Charges	4,157
PSX Annual Recuring Charges	41,400
Office Registration - PSX	-
	<u><u>394,917</u></u>

**17 OTHER INCOME**

Dividend Income	-
Gain on Sale of Securities	-
	<u><u>-</u></u>

**18 FINANCE COST**

Bank Charges	35
	<u><u>35</u></u>

**19 LOSS / (GAIN) ON RE-MEASUREMENT OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT O**

Loss on re-measurement of Investment in Listed Securities	4,218,500
Gain on Re-measurement of Shares of LSE Financial Services Limited	-
	<u><u>4,218,500</u></u>

**20 TAXATION**

Tax on Brokerage / Commission Income	20,281
Tax on Dividend Income	-
Sales Tax Withheld & Deposited in Govt Treasury	-
Capital Gain Tax	-
	<u><u>20,281</u></u>

**21 NUMBER OF EMPLOYEES**

Number of Employees at the End of Quarter  
Average Number of employees During the year



**ASAD MUSTAFA SECURITIES (SMC-PVT) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED SEP 30, 2017**

DESCRIPTION	NOTES	SHARE CAPITAL	UNAPPROPRIATED PROFIT/ (LOSS)	TOTAL
		(RUPEES)		
<b>Balance as at June 30, 2016</b>		<b>77,000,000</b>	<b>(4,943,626)</b>	<b>72,056,374</b>
Capital Introduced During Year		20,000,000		20,000,000
Profit For the Year			14,901,213	14,901,213
<b>Balance as at June 30, 2017</b>		<b>97,000,000</b>	<b>9,957,587</b>	<b>106,957,587</b>
Profit For 1st Quarter		-	3,964,606	3,964,606
<b>Balance as at Sep 30, 2017</b>		<b>97,000,000</b>	<b>13,922,193</b>	<b>110,922,193</b>

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**CHIEF EXECUTIVE / DIRECTOR**