

**PASHA SECURITIES
(PRIVATE) LIMITED**

**Financial Statements
For the Year Ended 30 June, 2016**

**MUDASSAR EHTISHAM & CO.
CHARTERED ACCOUNTANTS**

PASHA SECURITIES (PRIVATE) LIMITED

Balance Sheet

As at 30 June, 2016

		2016	2015
	Note	Rupees	Rupees
Non-Current Assets			
Fixed assets			
Property and equipment	4.1	11,997,462	13,350,877
Intangible asset	4.2	4,000,000	4,000,000
		15,997,462	17,350,877
Long term investments	6	30,346,030	30,346,030
Long term deposits	7	200,000	525,000
		30,546,030	30,871,030
Current Assets			
Accounts receivables	8	4,125,609	7,742,309
Short Term Investments	9	1,032,520	-
Advances, deposits and prepayments	10	1,049,911	942,778
Cash and bank balances	11	10,245,862	11,364,800
		16,453,902	20,049,887
		62,997,394	68,271,794
Equity and Liabilities			
Authorized	12	49,000,000	45,000,000
4,900,000 (2015:4,500,000) Ordinary Shares of Rupees 10/- each			
Issued, subscribed and paid up	13	47,815,800	43,815,800
4,781,580 (2015: 4,381,580) Ordinary Shares of Rupees 10/- each fully paid			
Unappropriated profit / (loss)		3,095,855	1,406,486
		50,911,655	45,222,286
Share deposit money		1,500,000	7,000,000
Non-Current Liabilities			
Deferred Tax Liability	14	-	1,442,540
Current Liabilities			
Trade creditors	15	10,339,254	14,133,186
Other payable	16	199,400	410,161
Provision for taxation	17	47,085	63,621
		10,585,739	14,606,968
Contingencies and commitments	18	62,997,394	68,271,794

The annexed notes 1 to 28 form an integral part of these financial statements.

Lahore:

Chief Executive

Director

PASHA SECURITIES (PRIVATE) LIMITED

Profit and Loss Account

For the Year ended 30 June, 2016

	<i>Note</i>	2016 Rupees	2015 Rupees
Revenue			
Income from brokerage	19	4,708,498	3,600,587
Un-realised gain/(loss) on securities	10	-	-
		4,708,498	3,600,587
Operating and administrative expenses	20	(5,956,551)	(6,398,976)
Profit / (loss) from operation		(1,248,053)	(2,798,389)
Financial charges	21	(5,222)	(9,686)
Other income/(loss)	22	1,547,189	1,743,662
Profit / (oss) before taxation		293,914	(1,064,413)
Taxation	17	1,395,455	262,078
Profit / (loss) after taxation		1,689,369	(802,335)

The annexed notes 1 to 28 form an integral part of these financial statements.

Lahore:

Chief Executive

Director

PASHA SECURITIES (PRIVATE) LIMITED

Cash Flow Statement

For the Year Ended 30 June, 2016

	2016 Rupees	2015 Rupees
Cash flows from operating activities		
Profit before taxation	293,914	(1,064,413)
Adjustments for non cash items:		
Depreciation and Impairment	1,445,415	1,599,741
Financial charges	5,222	9,686
	1,450,637	1,609,427
Operating profit before working capital changes	1,744,551	545,014
Changes in operating assets and liabilities		
(Increase)/decrease in:		
Accounts Receivable	3,616,700	(141,819)
Short Term Investments	(1,032,520)	-
Advances, deposits and prepayments	(107,133)	(45,000)
Trade Payable	(3,793,932)	(5,387,534)
Other Payable	(210,761)	-
	(1,527,645)	(5,574,353)
	(1,527,645)	(5,574,353)
Cash utilized in operations	216,905	(5,029,339)
Financial charges paid	(5,222)	(9,686)
Taxes paid	(63,621)	(93,015)
	(68,843)	(102,701)
Net cash used in operating activities	148,062	(5,132,040)
Cash flows from investing activities		
Purchase of Assets	(92,000)	(41,300)
Long term deposits	325,000	-
Net cash used in investing activities	233,000	(41,300)
Cash flows from financing activities		
Issue of share capital	4,000,000	-
Share deposit money	(5,500,000)	-
Net cash generated from financing activities	(1,500,000)	-
Net (decrease)/increase in cash and cash equivalents	(1,118,938)	(5,173,340)
Cash and cash equivalents at the beginning of the year	11,364,799	16,538,140
Cash and cash equivalents at the end of the year	10,245,861	11,364,799

Note

9

The annexed notes 1 to 28 form an integral part of these financial statements.

Lahore:

Chief Executive

Director

PASHA SECURITIES (PRIVATE) LIMITED

Statement of Changes in Equity

For the Year ended 30 June, 2016

	Share capital	Share premium	General reserve	Unappropriated profit/ (Loss)	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2014	43,815,800	-	-	2,208,821	46,024,621
Net profit / (loss) for the year ended 30 June 2015	-	-	-	(802,335)	(802,335)
Balance as at 30 June 2015	<u>43,815,800</u>	<u>-</u>	<u>-</u>	<u>1,406,486</u>	<u>45,222,286</u>
Balance as at 01st July 2015	43,815,800	-	-	1,406,486	45,222,286
Share issue during the year	4,000,000	-	-	-	4,000,000
Net profit / (loss) for the year ended 30 June, 2016	-	-	-	1,689,369	1,689,369
Balance as at 30th June, 2016	<u>47,815,800</u>	<u>-</u>	<u>-</u>	<u>3,095,855</u>	<u>50,911,655</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

Lahore:

Chief Executive

Director

PASHA SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the Year ended 30 June, 2016

1 The Company's operations and registered office

The company was incorporated on March 15, 2006 under the Companies Ordinance 1984 as a Private Limited company at Islamabad and is primarily engaged in the business of stocks, brokerage, investment advisory consultancy, portfolio management and in secondary capital market operations. It is also actively taking part in the initial public offerings(IPO's) and providing all relative services to the general public to promote investment and company does not hold assets in fiduciary capacity. Company headoffice is situated at Stock Exchange Building Islamabad.

2 Statement of compliance

These accounts have been prepared in accordance with the approved International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC) and interpretations issued by the Standards Interpretations Committee of the IASC, 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 the requirements of the Companies Ordinance, 1984, along with the requirements of the Securities and Exchange Commission of Pakistan (SECP). Wherever, the requirements of the Companies Ordinance, 1984, the Rules, the Regulations or the directives issued by the SECP differ with the requirements of these IAS, the requirements of the Ordinance, the Rules, the Regulations or the requirements of the said directives take precedence.

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.

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 carries at amortised cost using the 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. On Income subject to Normal Taxation and no presumptive basis on Income subject to Final Taxation.

Deffered Taxation

The company accounts for deffered taxation, using the liability method on all temporary timing differences. However, deffered tax is no provided if it can be established with reasonable accuracy that these differences will not reserve 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 Securities under repurchase/ reverse repurchase agreements

Transactions of repurchase/ reverse repurchase of investment securities are entered into at contracted rate for specified periods of time and are accounted for as follows.

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3.13 Contingencies and Commitments

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

	<i>Note</i>	2016 Rupees	2015 Rupees
4 Fixed assets			
Property and equipment	4.1	11,997,462	13,350,877
Intangible	4.2	4,000,000	4,000,000
		15,997,462	17,350,877

4 Property and Equipmnt

PASHA SECURITIES (PRIVATE) LIMITED

4.1 Tangible

PARTICULARS	COST				DEPRECIATION			Book value as at June 2016	Depreciation rate %			
	As at 1 July 2015	Additions during the year	Deletions during the year	As at June 2016	As at 1 July 2015	For the year	As at June 2016					
OWNED												
Building	22,247,146			22,247,146	9,834,951	1,241,220	11,076,171	11,170,976	10			
Office equipments	554,495	-	-	554,495	402,967	22,729	-	425,696	15			
Computer equipments	444,636	92,000	-	536,636	370,957	49,704	-	420,661	30			
Furniture and Fixture	610,364			610,364	391,712	32,798		424,510	15			
Vehicles	3,603,320			3,603,320	3,108,497	98,965		3,207,462	20			
								-				
<i>Rupees</i>	June, 2016			27,459,961	92,000	-	27,551,961	14,109,084	1,445,415	-	15,554,499	11,997,462
<i>Rupees</i>	June, 2015			27,459,961	-	-	27,459,961	14,109,084	-	-	14,109,084	13,350,877

4.2 Intangible Asset

	2016	2015
	Rupees	Rupees
Membership card value	4,000,000	4,000,000
	4,000,000	4,000,000

PASHA SECURITIES (PRIVATE) LIMITED

2016
Rupees

2015
Rupees

5 Short Term Investments

S N.	Symbol	Company Name (Listed)	Qty	Price	Amount
1	AKBL	Askari Bank Ltd.	801	18.18	14,562
2	DSFL	Dewan Salman Fibres	48,693	2.16	105,177
3	MCB	MCB Bank Ltd	13	224.49	2,918
4	TRG	TRG Pakistan Ltd.	112	34.9	3,909
5	BOP	Bank O.Punjab Ltd.	50,000	8.29	414,500
6	FABL	Faysal Bank Ltd.	5,000	13.25	66,250
7	PEF	PICIC Energy Fund	356	11.15	3,969
8	CSAP	Crescent Steel & Allie	3	114.18	343
9	DGKC	D.G.Khan Cement	22	190.72	4,196
10	KEL	Karachi Electric Ltd.	40,000	8.15	326,000
11	SILK	Silk Bank Limited	78,186	1.16	90,696

1,032,520

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PASHA SECURITIES (PRIVATE) LIMITED

	<i>Note</i>	2016 Rupees	2015 Rupees
6 Long term investments			
ISE Towers REIT Management Limited			
Shares - Unquoted		3,034,603	3,034,603
Price		10	10
		30,346,030	30,346,030
6.1	These represent the shares received from ISE Towers REIT Management Limited (Formerly Islamabad Stock Exchange (ISE) in pursuance of corporatization and demutualization of ISE as public company limited by shares in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration Act, 2012 (the Act.)). In addition, the company has also received Trading Right Entitlement Certificate (TREC) from ISE which now has become TREC of Pakistan Stock Exchange Limited after Integration of the Stock Exchanges.		
6.3	Accordingly, the company has been allotted 3,034,603 shares of ISE of Rs. 10/- each based on the valuation of their assets and liabilities as approved by the SECP. The company has received 40% equity shares i.e. 1,213,841 shares of ISE. The remaining 60% shares are transferred to CDC sub-account in company's name under ISE's participant IDs with the CDC which will remain blocked until these are divested to strategic investor(s), general public and financial institutions. Now all these shares as 3,034,603 are pledged with PSX's participant IDs to maintain the Base Minimum Capital "BMC". As the fair value of both the asset transfer and assets obtain can not be determined with reasonable accuracy, the investment in shares has been recorded at the face value of Rs. 10/- each in the Company's book.		
6.4	No tax provision has been made on Gain on exchange of membership card with TREC, as such gain is exempted from tax under clause 110B of Second Schedule of Income Tax Ordinance , 2001.		
7 Long term deposits			
CDC deposits ISETRMCL		100,000	100,000
NCCPL membership		100,000	100,000
ISETRMCL clearing house deposit		-	300,000
Future Trading		-	25,000
		200,000	525,000
8 Accounts receivables			
Accounts receivables		4,125,609	7,742,309
	<i>8.1</i>	4,125,609	7,742,309
8.1	Receivables from clients relate to operating revenues and are secured but considered good by the Management.		
9 Short Term Investments			
Cost of investment in listed securities		1,032,520	-
Un-realised gain/(loss) on securities		-	-
	<i>5</i>	1,032,520	-

PASHA SECURITIES (PRIVATE) LIMITED

	<i>Note</i>	2016	2015
		Rupees	Rupees
This amount represents the investment in different listed securities valued at the closing market rates as at June 30, 2016			
10 Advances, deposits and prepayments			
Advance Income Tax		170,754	108,271
Advances		248,900	248,900
Income tax Refundable		630,257	585,607
		<u>1,049,911</u>	<u>942,778</u>
11 Cash and bank balances			
Cash in hand		4,178	6,166
Cash in Bank			
In saving/ Profit Accounts		-	-
In Current Accounts		10,241,684	11,358,634
		<u>10,241,684</u>	<u>11,358,634</u>
		<u>10,245,862</u>	<u>11,364,800</u>
12 Share capital			
Authorized			
4,900,000 (2015:4,500,000) Ordinary Shares of Rupees 10/- each		49,000,000	45,000,000
		<u>49,000,000</u>	<u>45,000,000</u>
13 Issued, subscribed and paid up			
4,781,580 (2015: 4,381,580) Ordinary Shares of Rupees 10/- each fully paid		47,815,800	43,815,800
		<u>47,815,800</u>	<u>43,815,800</u>
14 Deferred Tax Liability			
		1,442,540	1,442,540
		<u>1,442,540</u>	<u>1,442,540</u>
15 Trade creditors			
Trade creditors		10,339,254	14,133,186
		<u>10,339,254</u>	<u>14,133,186</u>
16 Other payable			
Other payable		199,400	410,161
		<u>199,400</u>	<u>410,161</u>

PASHA SECURITIES (PRIVATE) LIMITED

	<i>Note</i>	2016 Rupees	2015 Rupees
17 Provision for taxation - Net			
Opening Balance		-	
Deffered Tax		(1,442,540)	(325,699)
Current year taxation		47,085	63,621
		<u>(1,395,455)</u>	<u>(262,078)</u>
Less			
Adjusted against Advance Tax		-	-
		<u>(1,395,455)</u>	<u>(262,078)</u>
18 Contingencies and Commitments			
18.1 The Company has pledged/hypothecated TRE Certificate of Pakistan Stock Exchange Limited (PSX) and 337,590 ordinary shares of LSEFSL with PSX in compliance with Base Minimum Capital (BMC) requirement under Regulation 2.1 of the Regulations Governing Risk Management of the PSX.			
19 Income from brokerage			
Commission Income - Net		4,708,498	3,600,587
		<u>4,708,498</u>	<u>3,600,587</u>
20 Operating and administrative expenses			
Staff Salaries		1,000,000	978,000
Director's remuneration		1,692,584	1,698,000
Electricity and gas charges		168,690	262,271
Communication Expense		121,547	113,541
Postage and Courier Charges		17,074	15,281
Entertainment		22,221	333,392
Printing and Stationary		45,512	55,645
I.S.E Service and Maintenance Charges		198,741	53,699
CDC Charges		270,773	256,001
NCCPL Charges		183,731	271,856
Insurance Charges		54,011	13,112
Charity and Donation		3,500	2,000
Travelling and Lodging		227,990	6,800
Newspaper and Magazine		5,425	4,513
Auditor remuneration	<i>20.1</i>	155,000	154,530
Legal & professional charges		43,795	-
Vehicle running and maintenance		92,791	327,416
Repair and Maintenance		31,420	35,305
Depreciation	<i>4.1</i>	1,445,415	1,599,741
Advertisement		900	3,650
Water Bills		12,875	4,977
ISE Utilities		150,761	173,183
Misc Expenses		11,796	36,063
		<u>5,956,551</u>	<u>6,398,976</u>
20.1 Auditor remuneration			
Audit Fee		150,000	150,000
Out of Pocket Expenses		5,000	4,530
		<u>155,000</u>	<u>154,530</u>

PASHA SECURITIES (PRIVATE) LIMITED

	<i>Note</i>	2016	2015
		Rupees	Rupees
21 Financial charges			
Bank charges		5,222	9,686
		<u>5,222</u>	<u>9,686</u>
22 Other Income / (loss)			
CDC Conversion Charges		707,993	921,752
Profit on Deposit		459,871	821,910
Dividend Income		379,325	-
		<u>1,547,189</u>	<u>1,743,662</u>

23 Taxation

23.1 This represent Current Taxation which has been provided Under Section 233A of Income Tax Ordinance, 2001 and Normal Taxation on other Income.

23.2 Deferred Taxation has not been provided as the Company is subject to Presumptive Taxation.

24 Remuneration of Chief Executive, Directors and Executives

	2016	2015
		Re-stated
<u>Managerial Remuneration including House Rent & Utility</u>		
Chief Executive	-	-
Executives	-	-
Directors	1,692,584	1,698,000
	<u>1,692,584</u>	<u>1,698,000</u>

25 Accounting Estimates And Judgments

25.1 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

25.2 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.

25.3 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

25.4 Trade debts

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

PASHA SECURITIES (PRIVATE) LIMITED

	<i>Note</i>	2016 Rupees	2015 Rupees
26	Number of employees		

Total number of employees at the end of year was 6 (2015: 6). Average number of employees was 6 (2015: 6)

27 Authorization

27.1 These financial statements were authorized for issue on _____ by the Board of Directors of the Company.

28 General

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

28.2 Corresponding figures have been rearranged, wherever necessary for the purposes of comparison. However, no significant rearrangement / reclassification have been made in these financial statements.

The annexed notes 1 to 28 form an integral part of these financial statements.

Lahore: _____
Chief Executive

Director