

**ASA STOCKS
(PRIVATE) LIMITED**

**Financial Statements
For the Year Ended 30 June, 2014**



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 **ASA STOCKS (PRIVATE) LIMITED** ("the Company") as at **June 30, 2014** and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year 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 reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts 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 year 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, profit and loss account, statement of changes in equity and cash flow statement 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 true and fair view of the state of the Company's affairs as at **June 30, 2014** and of the profit, changes in equity and cash flow for the year then ended; and
- d) In our opinion no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Mudassar Ehtisham & Co.
Chartered Accountants

Lahore 24 September 2014

Head Office:
50/2 Lawrance Road,
Lahore Pakistan.
Phone: +92-42-36370215
Fax: +92-42-37500505
info@mudassarehtisham.com

Islamabad Office:
Room #2,2nd Floor,
Pacific Centre, F-8 Markaz,
Islamabad, Pakistan
Phone: +92-051-2263636
Fax: +92-051-2853536
vasir@mudassarehtisham.com

Multan Office:
Room #24-25, 1st Floor,
Hajveri Arcade, Kutchery Road,
Multan, Pakistan.
Phone: +92-061-4500967
Fax: +92-061-4500968
Waqas@mudassarehtisham.com

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

ASA STOCKS (PRIVATE) LIMITED

Balance Sheet

As at 30 June, 2014

		2014	2013
	Note	Rupees	Rupees
Non-Current Assets			
Fixed Assets			
Property and Equipment	4.1	1,838,937	2,115,856
Intangible Assets	4.2	4,000,000	4,000,000
		5,838,937	6,115,856
Long Term Security Deposits	5	5,146,580	820,000
Long Term Investments	6	9,553,797	9,553,797
		14,700,377	10,373,797
Current Assets			
Accounts Receivables	7	10,459,054	1,950,620
Advance, Deposits & Pre-payments	8	527,596	-
Cash and Bank Balances	9	405,496	5,151,619
		11,392,146	7,102,239
		31,931,460	23,591,892
Equity and Liabilities			
Share Capital	10	17,500,000	17,500,000
Unappropriated Profit / (Loss)		(407,299)	(1,118,928)
		17,092,701	16,381,072
Long Term Liabilities			
Loan from Directors	11	7,919,005	6,216,600
		7,919,005	6,216,600
Current Liabilities			
Trade Payables	12	2,262,746	805,019
Accrued and Other Liabilities	13	829,291	189,201
Short Term Running Finance	14	3,785,387	-
Provision for Taxation	22	42,330	-
		6,919,754	994,220
		31,931,460	23,591,892
Contingencies and Commitments	15		

The annexed notes 1 to 23 form an integral part of these Financial Statements.

Lahore:


Chief Executive




Director

ASA STOCKS (PRIVATE) LIMITED
Profit and Loss Account
For the Year Ended 30 June, 2014

		2014	2013
	<i>Note</i>	Rupees	Rupees
Revenue			
Commission Income	16	4,233,000	146,802
Direct Cost	17	(117,911)	(32,499)
		<u>4,115,089</u>	<u>114,303</u>
Expenditure			
Administrative Expenses	18	(3,475,380)	(1,423,808)
Selling & Marketing Expenses	19	(10,780)	(25,133)
		<u>628,929</u>	<u>(1,334,638)</u>
Financial Charges	20	(286,031)	(525)
		<u>342,898</u>	<u>(1,335,163)</u>
Other Income	21	411,061	216,236
Profit / (Loss) before Taxation		<u>753,959</u>	<u>(1,118,928)</u>
Taxation	22	(42,330)	-
Profit / (Loss) after Taxation		<u><u>711,629</u></u>	<u><u>(1,118,928)</u></u>

The annexed notes 1 to 23 form an integral part of these Financial Statements.

Lahore:

Chief Executive



Director

ASA STOCKS (PRIVATE) LIMITED

Statement of Changes in Equity

For the Year Ended 30 June, 2014

	Share Capital Rupees	Share Premium Rupees	General Reserve Rupees	Unappropriated Profit/ (Loss) Rupees	Total Rupees
Issued Capital during the year	17,500,000	-	-	-	17,500,000
Net Loss for the year ended June 30, 2013	-	-	-	(1,118,928)	(1,118,928)
Balance as at 30 June, 2013	17,500,000	-	-	(1,118,928)	16,381,072
Balance at on July 1, 2013	17,500,000	-	-	(1,118,928)	16,381,072
Net Profit for the year				711,629	711,629
Balance as at June 30, 2014	17,500,000	-	-	(407,299)	17,092,701

The annexed notes 1 to 23 form an integral part of these Financial Statements.

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Chief Executive



[Signature]
Director

Lahore:

ASA STOCKS (PRIVATE) LIMITED

Cash Flow Statement

For the Year Ended 30 June, 2014

	2014	2013
Note	Rupees	Rupees
Cash flows from Operating Activities		
Profit before Taxation	753,959	(1,118,928)
Adjustments for Non Cash items:		
Depreciation	303,170	533,072
Finance Cost	286,031	525
	589,201	533,597
Operating Profit before Working Capital Changes	1,343,160	(585,330)
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in:		
Accounts Receivable	(8,508,434)	(1,950,620)
Advance, Deposits & Pre-payments	(317,742)	-
Trade Creditors	1,457,727	994,220
Accrued and Other Liabilities	640,090	-
	(6,728,359)	(956,400)
Financial Charges paid	(286,031)	(525)
Taxes paid	(209,854)	-
	(495,885)	(525)
Net Cash used in Operating Activities	(5,881,084)	(1,542,255)
Cash Flows from Investing Activities		
Purchase of Assets	(26,250)	(2,215,226)
Intangible Assets	-	(13,987,500)
Long Term Securities	(4,326,580)	(820,000)
Net Cash used in Investing Activities	(4,352,830)	(17,022,726)
Cash Flows from Financing Activities		
Issue of Shares	-	17,500,000
Short-Term Running Finance	3,785,387	-
Loans from Directors	1,702,405	6,216,600
Net Cash generated from Financing Activities	5,487,792	23,716,600
Net (decrease)/increase in Cash and Cash Equivalents	(4,746,123)	5,151,619
Cash and Cash Equivalents at the beginning of the year	5,151,619	-
Cash and Cash Equivalents at the end of the year	405,496	5,151,619

The annexed notes 1 to 23 form an integral part of these Financial Statements.

Lahore:


Chief Executive




Director

ASA STOCKS (PRIVATE) LIMITED

Notes to the Financial Statements

For the Year Ended 30 June, 2014

1 The Company's Operations and Registered Office

ASA Stocks (Pvt) Limited ("the Company") was incorporated in 8th November, 2012 as a Private limited Company under the Companies Ordinance, 1984. The Company is mainly engaged in the business of share brokerage, portfolio management, investment advisory and consultancy services. The Company is a member of Lahore Stock Exchange (Guarantee) Limited. The registered Office of the Company is situated at 79/A-C-1, Gulberg III, Lahore.

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 Small-Sized Entities (SSEs) 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.

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 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

Commission Income

Brokerage commission and other advisory fees are recognized when such services are provided.

Processing fee, front end fee, penal charges and commission income

These are recognized as income when services are provided.

Return on Finances, Placements and Term Finances.

Return on finances provided, placements and term finances are recognized on time proportion basis.

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.

		2014	2013
4	Fixed Assets	Rupees	Rupees
	Property and Equipment	1,838,937	2,115,856
	Intangible	4,000,000	4,000,000
		<u>5,838,937</u>	<u>6,115,856</u>

4.1 Tangible

PARTICULARS	COST			DEPRECIATION			Book value as at 30 June, 2014	
	As at July 2013	Additions during the Year	As at 30 June, 2014	As at July 2013	For the Year	As at 30 June, 2014		Depreciation rate
OWNED								
Office Equipments	145,520	-	145,520	9,701	13,582	-	122,237	10
Computer Equipments	131,050	26,250	157,300	17,473	22,715	5,250	111,862	20
Furniture and Fixtures	537,830	-	537,830	35,855	50,198	-	451,778	10
Electrical Installation	155,826	-	155,826	20,777	27,010	-	108,039	20
Vehicle	1,245,000	-	1,245,000	15,563	184,416	-	1,045,021	15
	2,215,226	26,250	2,241,476	99,369	297,920	5,250	1,838,937	
	-	2,215,226	2,215,226	-	99,369	-	2,115,856	

4.2 Intangible Asset

	2014	2013
	Rupees	Rupees
Membership Card Value	4,000,000	13,987,500
Transfer to Long Term Investment (LSE Shares)	-	(9,553,797)
Impairment for the year	-	(433,703)
	-	(9,987,500)
	4,000,000	4,000,000

ASA STOCKS (PRIVATE) LIMITED

		2014	2013
		Rupees	Rupees
5	Long Term Securities and Deposits		
	Deposits to LSE for Rooms	4,526,580	200,000
	Deposits to NCCPL	620,000	620,000
		<u>5,146,580</u>	<u>820,000</u>
6	Long Term Investments		
	Lahore Stock Exchange Shares - Unquoted	843,975	843,975
	Rate	11.32	11.32
		<u>9,553,797</u>	<u>9,553,797</u>
7	Trade Receivables		
	Trade Receivables	10,459,054	1,924,436
	Other Receivables	-	26,184
		<u>10,459,054</u>	<u>1,950,620</u>
	<i>7.1</i> Receivables from Clients relate to Commission Income and are secured and considered good by the Management.		
8	Advance, Deposits & Pre-payments		
	Advance Tax	209,854	-
	Prepayments	46,940	-
	Other Receivables	270,802	-
		<u>527,596</u>	<u>-</u>
9	Cash and Bank Balances		
	Cash in Hand	4,000	370,148
	Cash in Bank	401,496	4,781,471
		<u>405,496</u>	<u>5,151,619</u>
10	Authorized Capital		
	(300,000 Ordinary Shares of Rs. 100 each)	<u>30,000,000</u>	<u>30,000,000</u>
	Issued, Subscribed and Paid up		
	(175,000 Ordinary Shares of Rs. 100 each)	<u>17,500,000</u>	<u>17,500,000</u>

ASA STOCKS (PRIVATE) LIMITED

	<i>Note</i>	2014	2013
		Rupees	Rupees
11 Loan from Directors			
Loan from Directors --- Unsecured		<u>7,919,005</u>	<u>6,216,600</u>
<i>11.1</i> This unsecured and markup free loan has been obtained from Directors of the Company and is repayable at the option of the Company.			
12 Trade Payables			
Payable to Clients	<i>12.1</i>	<u>2,262,746</u>	<u>805,019</u>
		<u>2,262,746</u>	<u>805,019</u>
<i>12.1</i> Payable to clients relate to operating business. Amount is setteled according to settlement dates.			
13 Accruals and Other Liabilities			
Accrued Liabilities		824,945	189,201
FED Payables		4,346	-
		<u>829,291</u>	<u>189,201</u>
14 Short Term Running Finance			
Short Term Running Finance		3,785,387	-
		<u>3,785,387</u>	<u>-</u>
This represented short term running finance facility from Summit Bank Limited, with a sanctioned limit of Rs. 20 millions. It carried a mark up rate of 3 months KIBOR + 2% per annum. The facility is secured against 100% cash collateral in shape of lien on US\$ 225,000/- time deposit in favore of Mrs. Zahida Akram (Director of the Company).			
15 Contingencies and Commitments			
Contingencies and Commitments Rs. Nil. (2013 : Nil)		<u>-</u>	<u>-</u>
16 Commission Income - Net			
Commission Income - Net		4,233,000	146,802
		<u>4,233,000</u>	<u>146,802</u>
17 Direct Cost			
CDC Charges		53,158	17,521
NCSS Charges		64,753	14,978
		<u>117,911</u>	<u>32,499</u>

ASA STOCKS (PRIVATE) LIMITED

		2014	2013
	Note	Rupees	Rupees
18 Administrative Expenses			
Staff Salary		1,427,168	190,500
Fuel & power Expenses		527,169	44,029
Telephone and Internet charges		290,015	100,086
Postage and Telegram		53,335	-
Fee and Subscription		67,000	129,400
Printing and Stationary		45,953	30,715
Rent Rate and Taxes		366,108	270,000
Legal & Professional Charges		124,800	-
Entertainment		88,623	8,475
Audit Remuneration	18.1	75,000	75,000
Newspaper & Periodicals		5,130	2,739
Repair and Maintenance		22,980	4,310
Depreciation	4.1	303,170	99,369
Impairment on Intangible	4.2	-	433,703
Miscellaneous Expenses		78,929	35,482
		<u>3,475,380</u>	<u>1,423,808</u>
18.1 Audit Remuneration			
Audit Fee		65,000	65,000
Out of Pocket Expenses		10,000	10,000
		<u>75,000</u>	<u>75,000</u>
19 Selling & Marketing Expenses			
Advertisement Expenses		8,400	5,033
Promotional Expenses		2,380	20,100
		<u>10,780</u>	<u>25,133</u>
20 Financial Charges			
Bank Charges		3,291	525
Mark-up		282,740	-
		<u>286,031</u>	<u>525</u>
21 Other Income			
Charges from Client		200	5,000
Mark-up Received on Bank Deposits		199,867	243
Dividend Income		210,994	210,993
		<u>411,061</u>	<u>216,236</u>
22 Provision for Taxation			
Opening Balance		-	-
Add: Taxation for the year		42,330	-
		<u>42,330</u>	<u>-</u>
Less:			
Paid/ Adjusted against Advance Tax		-	-
		<u>42,330</u>	<u>-</u>

22.1 This represent Current Taxation which has been provided Under Section 233A of Income Tax Ordinance,

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

23 General

These financial statements were authorized for issue on 24 September, 2014 by the Board of Directors of the Company.

Figures have been rounded off to the nearest rupee.

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 23 form an integral part of these Financial Statements.

Lahore:



Chief Executive





Director