

AYUB CHAUDHRY INVESTMENTS (PRIVATE) LIMITED

Notes to the Financial Statements

For the Year ended 30 June, 2017

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

4.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except for short term investments which are carried at their fair values.

4.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is the Company's functional currency.

4.3 Taxation

Income tax expense comprises current and deferred tax.

Current tax

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.



AYUB CHAUDHRY INVESTMENTS (PRIVATE) LIMITED

Notes to the Financial Statements

For the Year ended 30 June, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

Ayub Chaudhry Investments (Private) Limited (the Company) is a private limited company incorporated on April 24, 2004 in Pakistan under the Companies Act, 1984. The company is domiciled in Lahore. The company is primarily engaged in the business of stock, brokerage, and 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. Head office of the company is situated at Room No. 109 Lahore stock exchange building, Khayaban-E-Iqbal Lahore.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved 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 Companies Ordinance, 1984, provisions of or the directives issued under the Companies Ordinance, 1984 and the Securities Brokers (Licensing and Operations) Regulations 2016. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 and the Securities Brokers (Licensing and Operations) Regulations 2016 shall prevail.

3 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the approved accounting standards require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods in other cases. Judgements made by management in application of the approved accounting standards that have significant on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy notes. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgement was exercised in application of accounting policies are as follows:

- (i) Estimates of useful life of property, plant and equipment (Note 6)
- (ii) Estimate of useful life intangible assets (Note 7)
- (iii) Provisions and contingencies
- (iv) Impairment of non-financial assets
- (v) Provision for taxation (Note 24)



1. *Neer*

AYUB CHAUDHRY INVESTMENTS (PRIVATE) LIMITED

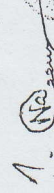
Statement of Changes in Equity

For the Year ended 30 June, 2017

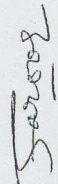
	Share capital Rupees	Revenue Reserve Unappropriated profit/ (Loss) Rupees	Total Rupees
Balance as at 01 July 2015	30,000,000	17,296,096	47,296,096
Total comprehensive income for the year	-	7,918,231	7,918,231
Balance as at 30 June 2016	30,000,000	25,214,327	55,214,327
Total comprehensive income for the year	-	1,845,511	1,845,511
Balance as at 30th June, 2017	30,000,000	27,059,838	57,059,838

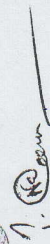
The annexed notes 1 to 31 form an integral part of these financial statements.

Lahore:


Chief Executive




Director



AYUB CHAUDHRY INVESTMENTS (PRIVATE) LIMITED

Cash Flow Statement

For the Year Ended 30 June, 2016


Note	2017 Rupees	2016 Rupees
Cash flows from operating activities		
Profit before taxation	1,919,482	8,245,977
Adjustments for non cash items:		
Depreciation and Impairment	51,130	65,281
Gain on revaluation of short-term securities	(82,912)	(3,980,322)
Balances written-off	(2,036,960)	
Unrealized gain on LSEFSL and TREC value	-	(2,439,750)
Operating profit before working capital changes	<u>(149,260)</u>	<u>1,891,186</u>
Changes in operating assets and liabilities		
(Increase)/decrease in current assets:		
Trade debts - net	3,371,495	(5,099,459)
Deposits	200,000	(54,111)
Other receivables	7,604,262	-
Trade payables	(7,687,329)	248,270
Other payables	243,930	(5,588,716)
	<u>3,732,358</u>	<u>(10,494,016)</u>
Cash from/ (utilized in) operations	<u>3,583,098</u>	<u>(8,602,830)</u>
Taxes paid	(1,061,685)	(247,074)
Net cash from/ (used in) operating activities	<u>2,521,413</u>	<u>(8,849,904)</u>
Cash flows from investing activities		
Purchase of property and equipment	-	(20,500)
Movement in long term deposits	794,456	544
Net cash from/ (used in) investing activities	<u>794,456</u>	<u>(19,956)</u>
Cash flows from financing activities	-	-
Short Term Investments	-	-
Loan from Directors	-	2,500,000
Net cash generated from financing activities	<u>-</u>	<u>2,500,000</u>
Net increase/ (decrease) in cash and cash equivalents	<u>3,315,869</u>	<u>(6,369,860)</u>
Cash and cash equivalents at the beginning of the year	<u>14,284,253</u>	<u>20,654,114</u>
Cash and cash equivalents at the end of the year	<u>17,600,122</u>	<u>14,284,253</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

1. 
Chief Executive


Director



1. 

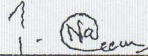
AYUB CHAUDHRY INVESTMENTS (PRIVATE) LIMITED

Statement of Comprehensive Income

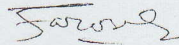
For the year ended 30 June, 2017

	2017 Rupees	2016 Rupees
Profit for the year	1,845,511	7,918,231
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified subsequently to profit or loss	-	-
Total comprehensive income for the year	1,845,511	7,918,231

The annexed notes 1 to 31 form an integral part of these financial statements.


Chief Executive




Director



AYUB CHAUDHRY INVESTMENTS (PRIVATE) LIMITED

Profit and Loss Account

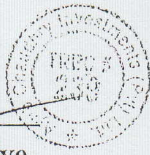
For the Year ended 30 June, 2017

	Note	2017 Rupees	2016 Rupees
Revenue	20	7,397,088	4,949,376
Operating and administrative expenses	21	(8,137,650)	(5,094,776)
Loss from operations		(740,562)	(145,400)
Financial charges	22	(4,290)	(5,289)
Other income	23	2,664,334	8,396,666
Profit before taxation		1,919,482	8,245,977
Taxation	24	(73,971)	(327,746)
Profit for the year		1,845,511	7,918,231

The annexed notes 1 to 31 form an integral part of these financial statements.

1
1- (No. 200)

Chief Executive



1- (No. 200)

Sarav

Director

AYUB CHAUDHRY INVESTMENTS (PRIVATE) LIMITED

Balance Sheet

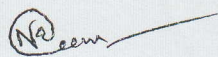
As at 30 June, 2017

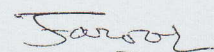
	Note	2017 Rupees	2016 Rupees
Non-Current Assets			
Fixed assets			
Property and equipment	6	137,192	188,322
<i>Intangible asset</i>	7	4,000,000	4,000,000
Long term investments	8	8,439,750	8,439,750
Long term deposits	9	5,157,500	5,951,956
		17,734,442	18,580,028
Current Assets			
Trade debts - net	10	3,115,258	2,834,179
Deposits	11	225,000	425,000
Other receivables	12	1,953,735	11,173,610
<i>Income tax - net</i>	13	1,013,033	25,320
Tax refund due from the Government		13,807	13,807
Short term investments	14	30,160,579	30,077,667
Cash and bank balances	15	17,600,122	14,284,253
		54,081,533	58,833,836
		71,815,975	77,413,864
Equity and Liabilities			
Share capital	16	30,000,000	30,000,000
Unappropriated profit		27,059,838	25,214,327
Total equity		57,059,838	55,214,327
Advance against issue of shares	17	2,500,000	2,500,000
		59,559,838	57,714,327
Current Liabilities			
Trade and other payables	18	12,256,137	19,699,537
Contingencies and commitments			
	19		
		71,815,975	77,413,864

The annexed notes 1 to 31 form an integral part of these financial statements.

1.  
Chief Executive



1. 


Director

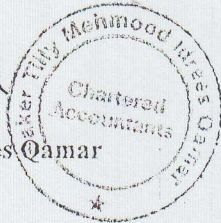


OTHER MATTERS

- a) The financial statements for the year ended 30 June 2016 were audited by another firm of Chartered Accountants whose audit report dated 07 October 2016 expressed an unqualified opinion thereon.
- b) In accordance with the requirements of the Securities Brokers (Licensing and Operations) Regulations 2016, we report on the following matters:
- i. The Company has maintained throughout the financial year systems adequate to enable us to identify with reasonable accuracy the assets held on behalf of customers and distinguish such assets from the proprietary assets of the Company;
 - ii. The Company was in compliance with the requirements of Section 78 of the Securities Act, 2015 and the relevant requirements of those regulations at the date on which the balance sheet is prepared;
 - iii. Internal control system and compliance function commensurate with the size and nature of services performed by the Company was implemented during the year; and
 - iv. The compliance officer performed its function with efficiency during the year.

Baker Tilly MIA

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants



Engagement Partner: Siraj Ahmad

Date: 6 October 2017

Place: Islamabad





BAKER TILLY
MEHMOOD IDREES
QAMAR
CHARTERED ACCOUNTANTS

Islamabad Office:

1st Floor, Boquival Tower,
Street 27A, Crimson Road, Sector H,
DHA Phase 2, Islamabad.
Tel: +92 (051) 2101060, +92 (051) 5418644
E-mail: infoisb@bakertillymiq.com

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **AYUB CHAUDHRY INVESTMENTS (PRIVATE) LIMITED** (the Company) as at **30 June 2017** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity 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, the requirements of the Companies Ordinance, 1984 and the Securities Brokers (Licensing and Operations) Regulations 2016. 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 accounts have been kept by the company as required by the Securities Brokers (Licensing and Operations) Regulations 2016 and 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 Securities Brokers (Licensing and Operations) Regulations 2016 and the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - i. the expenditure incurred during the year was for the purpose of the Company's business; and
 - ii. 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 comprehensive income, 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 and the Securities Brokers (Licensing and Operations) Regulations 2016, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



A. Neer

Head Office Karachi : 4th Floor, Central Hotel Building, Civil Lines, Mereweather Road, Karachi, Tel: +92 (021) 35644872-7, Fax: +92 (021) 35694573
Lahore Office : 188-D-1, Model Town, Lahore - Pakistan. Tel: +92 (042) 3584 2491, 3586 0550 Fax: +92 (042) 3584 4034
Peshawar Office : TF 152, Deans Trade Centre, Peshawar, Cantt. Tel: +92 (92) 525 3354, 525 3365, Email: btmiqpehsh@yahoo.com
Kabul Office : House 141, Khana-e-Noor High School Street, Near Last Stop of kabul University, Kabul, Afghanistan,