



M/S. KOSMOPOLITAN SECURITIES (PRIVATE) LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014

Suite No. 1601, Kashif Centre, Shahrah-e-Faisal, Karachi.  
Phone: 92-21-35640050-1-2, Fax: 92-21-35640053  
E-mail: info-khi@hyderbhimji.com

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**AUDITOR'S REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of M/s. KOSMOPOLITAN SECURITIES (PVT) LIMITED, as at June 30, 2014 and the related Profit & Loss Account, 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 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 disclosure in the above said statements. An audit also includes assessing the overall 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 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

*KHBM*  
**Certified True Copy**  
**KOSMOPOLITAN SECURITIES (PVT) LTD.**

*[Signature]*  
Director/Secretary

**KARACHI Office:**

Suite No. 1601, 16th Floor, Kashti Centre, Shahrah-e-Faisal, Karachi. Phone: 92-21-35640050-1-2, Fax: 92-21-35640053, E-mail: bhimji@cyber.net.pk, info-khi@hyderbhimji.com

**LAHORE Office:**

Amin Building, 65-The Mall, Lahore. Phone: 92-42-37352661-37321043 Fax: 92-42-37248113, E-mail: info-lhr@hyderbhimji.com, hyderbhimjilahoreoffice@gmail.com

**FAISALABAD Office:**

206-1st Floor, Business Centre, New Civil Line, Faisalabad. Phone: 92-41-2615632-2615650 Fax: 92-41-2617902 E-mail: hyderbhimjifad@gmail.com, info-fad@hyderbhimji.com

www.hyderbhimji.com

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- 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 Profit & Loss Account, Cash flow statement and Statement of Changes in Equity together with the notes forming part thereof conform with the 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 of the profit, 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)

*Kreston Hyder Bhimji & Co.*  
KRESTON HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS  
*KHB*

Karachi: the 10 OCT 2014

**Certified True Copy**

METROPOLITAN SECURITIES (PVT) LTD.

*[Signature]*  
Director/Secretary

**KOSMOPOLITAN SECURITIES (PVT.) LTD**  
**BALANCE SHEET AS AT JUNE 30, 2014**

<u>CAPITAL &amp; LIABILITIES</u>	NOTE No.	2014 Rupees	2013 Rupees
<b>AUTHORISED CAPITAL</b> 1,500,000 Ordinary Shares of Rs. 100 each.		150,000,000	150,000,000
<b>ISSUED, SUBSCRIBED &amp; PAIDUP CAPITAL</b> 760,000 Ordinary Shares of Rs. 100 each allotted for consideration paid in Cash. Accumulated loss		76,000,000 (579,267) 75,420,733	76,000,000 (1,091,691) 74,908,309
<b>TRADE AND OTHER PAYABLES</b> Accrued expenses Contingencies & Commitment	4	37,672	46,000
		<u>75,458,405</u>	<u>74,954,309</u>
<b>FIXED ASSETS</b> Intangible Assets Long Term Investments	5 6	15,000,000 55,000,000 70,000,000	15,000,000 55,000,000 70,000,000
<b>CURRENT ASSETS</b> Trade Deposits Cash & Bank Balances	7	300,000 5,158,405 5,458,405	- 4,954,309 4,954,309
		<u>75,458,405</u>	<u>74,954,309</u>

Note: The annexed notes 1 to 9 form an integral part of this financial statement

*10/11/2014*

*Munir*  
 \_\_\_\_\_  
 Chief Executive

*Munir*  
 \_\_\_\_\_  
 Director

**Certified True Copy**  
 KOSMOPOLITAN SECURITIES (PVT) LTD.  
 Director/Secretary

**KOSMOPOLITAN SECURITIES (PVT) LTD  
 PROFIT AND LOSS ACCOUNT  
 FOR THE YEAR ENDED JUNE 30, 2014**

	2014 Rupees	2013 Rupees
<b>Income:</b>		
Dividend Income - KSE Ltd.	741,366	
<b>Expenses:</b>		
Fee & Subscription		
Audit Fee	(144,805)	(44,900)
Preliminary expenses written off	(10,000)	(10,000)
	-	(1,036,791)
Profit/(Loss) Before Taxation	(154,805)	(1,091,691)
Provision for Income Tax	586,561	(1,091,691)
	(74,137)	
Profit/(Loss) After Taxation	512,424	(1,091,691)
Earning/(Loss) per share	0.67	(1.44)

Note: The annexed notes 1 to 9 form an integral part of this financial statement

*WMT*

*Munir*  
 Chief Executive

*Munir*  
 Director

**Certified True Copy**  
 KOSMOPOLITAN SECURITIES (PVT) LTD.

*Munir*  
 Director/Secretary

**KOSMOPOLITAN SECURITIES (PVT.) LTD**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

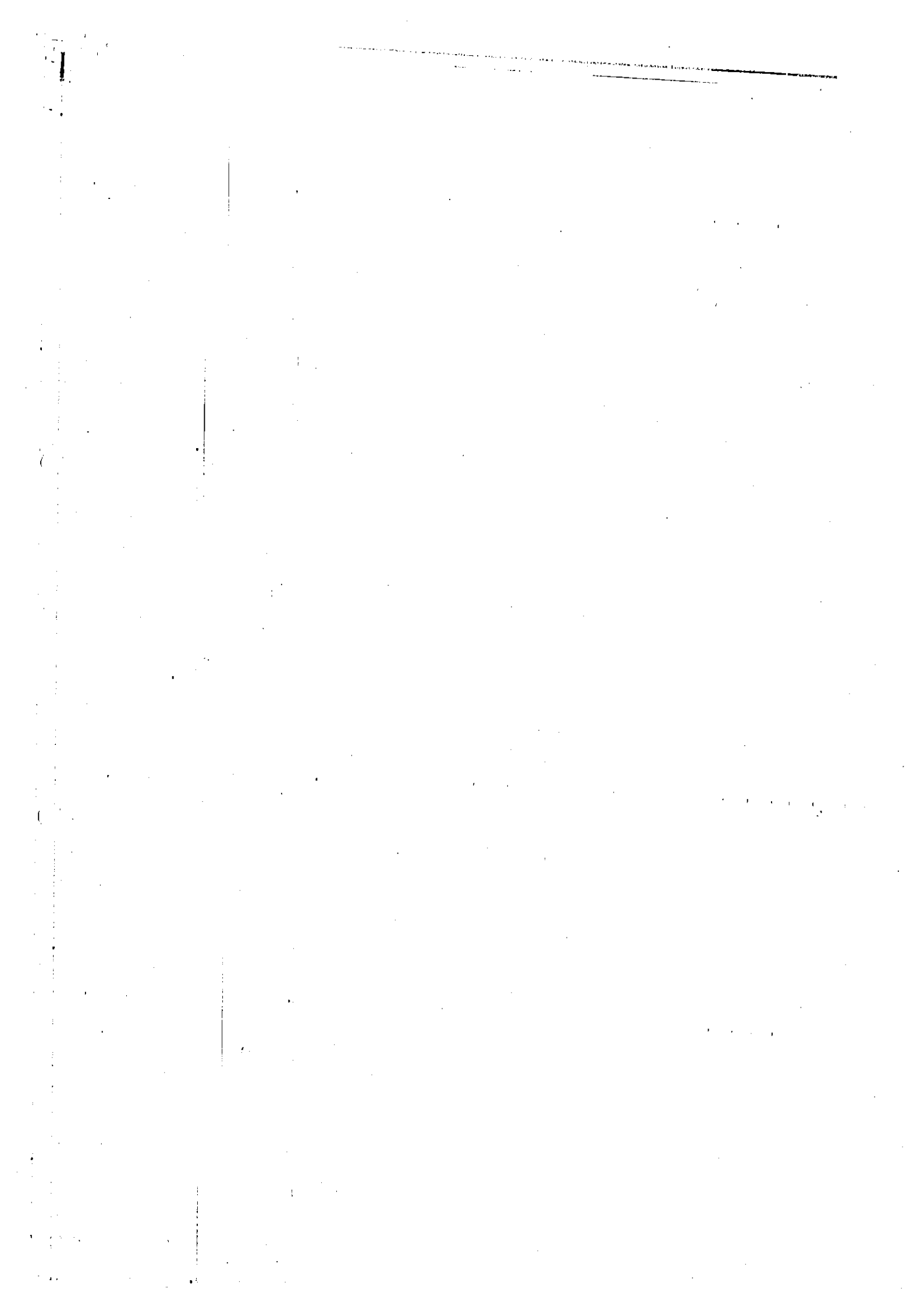
	2014	2013
	-----Rupees-----	
Cash flows From Operating activities		
Profit/(Loss) before taxation	586,561	(1,091,691)
Adjustments for non -cash charges and other items		
Preliminary expenses written off		1,036,791
Operating profit before working capital changes	586,561	(54,900)
Changes in working capital		
(Increase) / Decrease in Current assets		
Trade Deposits	(300,000)	
Increase /(Decrease) in Current liabilities		
Accrued expenses	(8,328)	20,500
Income tax paid during the year		
Net Cash generated / (used in) from operating activities	(74,137)	(34,400)
Net Cash generated / (used in) from operating activities	204,096	(34,400)
Cash flows From Investing Activities		
Net Cash (used in)/generated from Financing Activities		
Net increase/ (decrease) in cash and cash equivalents	204,096	(34,400)
Cash and cash equivalent at beginning	4,954,309	4,988,709
Cash and cash equivalent at end	5,158,405	4,954,309

Note: The annexed notes 1 to 9 form an integral part of this financial statement

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*[Handwritten signature]*  
 Chief Executive

*[Handwritten signature]*  
 Director



**KOSMOPOLITAN SECURITIES (PVT.) LTD**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	2014	2013
	-----Rupees-----	
Cash flows From Operating activities		
Profit/(Loss) before taxation	586,561	(1,091,691)
Adjustments for non -cash charges and other items		
Preliminary expenses written off		1,036,791
Operating profit before working capital changes	<u>586,561</u>	<u>(54,900)</u>
Changes in working capital		
(Increase) / Decrease in Current assets		
Trade Deposits	(300,000)	
Increase /(Decrease) in Current liabilities		
Accrued expenses	(8,328)	20,500
Income tax paid during the year	<u>(74,137)</u>	<u>-</u>
Net Cash generated / (used in) from operating activities	204,096	(34,400)
Cash flows From Investing Activities		
Net Cash (used in)/generated from Financing Activities		
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Cash and cash equivalent at beginning	4,954,309	4,988,709
Cash and cash equivalent at end	<u><u>5,158,405</u></u>	<u><u>4,954,309</u></u>

Note: The annexed notes 1 to 9 form an integral part of this financial statement

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*[Handwritten signature]*  
 Chief Executive

*[Handwritten signature]*  
 Director




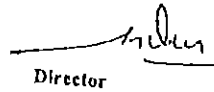
**KOSMOPOLITAN SECURITIES (PVT) LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Issued, Subscribed and Paid up Capital	Accumulated Loss	Total
	-----Rupees-----		
Balance as at July 01, 2012	76,000,000		76,000,000
Loss after taxation for the year ended June 30, 2013		(1,091,691)	(1,091,691)
Balance as at June 30, 2013	76,000,000	(1,091,691)	74,908,309
Profit after taxation for the year ended June 30, 2014		512,424	512,424
Balance as at June 30, 2014	<u>76,000,000</u>	<u>(579,267)</u>	<u>75,420,733</u>

Note: The annexed notes 1 to 9 form an integral part of this financial statement



  
 Chief Executive

  
 Director

**KOSMOPOLITAN SECURITIES (PVT.) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**1 The Company and its operation**

The company was incorporated under the Companies Ordinance, 1984 on May 24, 2007 as a Private Limited Company. The principal activity of the company is to carry on the business of shares brokage underwriting investment of portfolio management. However no business activity has been carried out during the year. Its registered office is situated at MR-7/52-53, 574/1, Adamjee Dawood Road, Jodia Bazar, Karachi. Subsequent to the end of current financial year, SECP has issued the brokerage license to Company.

**2 BASIS OF PREPARATION**

**2.1 Basis of measurement**

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

**2.2 Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Accounting and financial reporting standards for medium sized entities (MSE's) issued by the Institute of Chartered Accountants of Pakistan's and provision of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

**2.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.

**2.4 Critical Accounting estimates and judgments:**

The preparation of financial statements requires management to make judgments, estimates and assumption that have an effect on the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on the historical experience and various factors that are believe to be reasonable under the circumstances. The result of which the basis of making judgment about the enrrying amount of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management that have significant effect on the financial statements and estimates with significant probability of material adjustment in future are disclosed hereunder:

- (a) Impairment of financial assets (note 3.4); and
- (b) Classification of Investments.
- (c) Income Taxation.

**2.5 Basis of preparation**

These financial statements have been prepared under the 'historical cost convention' except as has been specifically stated below in respective notes.

**2.6 Functional and presentation currency**

These financial statements have been prepared in Pak Rupees, which is the Company's functional currency. All financial information presented in Pak Rupees has been rounded to nearest rupee.

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### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Intangible assets

##### a) Membership Card Rights & Privileges

Membership cards is stated at cost of acquisition less impairment, if any. The Carrying amount is reviewed at each balance sheet date to assess whether it is in excess of recoverable amount and where the carrying value exceed estimated recoverable amount, it is written down to its estimated recoverable amount.

#### 3.2 Investments

These represent Investments in stock exchange stated at cost and classified as available for sale and will follow the re-measurement method upon initiation of active market for these shares.

#### 3.3 Impairment of assets

All Company's assets are reviewed at each financial year end to determine whether there is objective evidence of impairment. If any such indication exists, the assets' recoverable amount is estimated and carrying amounts are adjusted accordingly. Impairment losses are recognised in the profit and loss account.

#### 3.4 Trade and other payables

Liabilities for trade and other amount payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

#### 3.5 Provisions

A provision is recognized in the financial statements when the company has a legal or constructive obligation as a result of a past event, 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.

#### 3.6 Income Taxation

Liability for current income tax is accounted for in accordance with income tax law. The income tax on profit and loss account represents current provision after adjustment, if any, to the provision for tax made in previous years, including those arising from assessments and amendments in assessments during the year, for such years.

#### 3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents consist of cash in hand and balances with banks.

#### 3.8 Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

#### 3.9 Offsetting of financial assets and liabilities

All financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

### 4 CONTINGENCIES AND COMMITMENTS

There no contingencies & commitment at the balance sheet date.

*K. H. A. C.*

**5 INTANGIBLE ASSETS**

Membership Card Rights & Privileges of Karachi Stock Exchange Limited TREC Transferred to long term investments

2014 Rupees	2013 Rupees
15,000,000	70,000,000 (53,000,000)
5.1 & 6.1	
<u>15,000,000</u>	<u>15,000,000</u>

5.1 In the preceding year, Karachi Stock Exchange Limited has been demutualized and in terms whereof its members have been allowed in exchange of membership, "Trading Right Entitlement Certificate (TREC)" along with shareholding in Karachi Stock Exchange Ltd. The Company has recorded the value of membership in the KSE at Rs.70 Million as Intangibles vide Karachi Stock Exchange letter no: KSE/SECP-2013/1 who have indicated notional value whereof at Rs. 15 Million. The Company have however allocated the carrying value/cost to the TREC at Rs.15 Million and taken the balance to the value of Karachi Stock Exchange Limited shares.

**6 LONG TERM INVESTMENTS**

Available for Sale

4,007,383 Shares of Rs. 10 each of Karachi Stock Exchange Limited

5.1 & 6.1	55,000,000	55,000,000
	<u>55,000,000</u>	<u>55,000,000</u>

6.1 Face value of shares allotted by Karachi Stock Exchange Limited in lieu of membership of the KSE works out at Rs.40.07 Million, while the recorded value of the membership card as Intangible asset was Rs. 70 Million, however the company has recorded the remaining balance of Rs.35 million in shares and classified as available for sale and will follow the re-measurement method upon initiation of active market for these shares. In accordance with the demutualization policy 60% of allotted shares 2,404,430 have been kept in blocked account with Central Depository Company of Pakistan Limited while 1,602,953 shares are credited to Companies CDC account.

**7 CASH & BANK BALANCES**

- Cash-In-Hand

- Cash-At-Bank In Current Accounts

557,743	552,623
<u>4,600,662</u>	<u>4,401,686</u>
<u>5,158,405</u>	<u>4,954,309</u>

**8 DATE OF AUTHORIZATION FOR ISSUE**

The financial statements were authorized for issue by the Board of Directors on 10-October, 2014.

**9 GENERAL**

- 9.1 Number of employees at year end Nil (2013: Nil)  
9.2 Figures have been rounded off to the nearest rupee.

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Chief Executive

*[Handwritten signature]*  
Director