



M/S. KOSMOPOLITAN SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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

A member of kreston international A global network of independent accounting firms.

DIRECTORS' REPORT

The Directors of your company are pleased to present the annual report together with the audited financial statements of the company for the year ended June 30, 2015.

The financial synopsis for the year under review are as below:


Net Sales Rs.	NIL
Operating profit Rs.	995,069
Financial charges	NIL
Investment income Rs.	1,202,216
Net Profit before income tax Rs.	995,069
Net Profit after income tax Rs.	874,847
Earning per share Rs.	1.15

During the financial year ended June 30, 2015 Company earned a pre-tax profit of Rs.995,069 as compared to Rs.586,561 in financial year ended 30 June 2014. Similarly, Company earned after-tax profit of Rs.874,847 as compared to Rs. 512,424 respectively. The increase in profit as compared to last year is due to dividend income from Karachi Stock Exchange limited.

As per requirement of law, the company has obtained renewal of license from the Securities and Exchange Commission of Pakistan, Islamabad.

The present Auditors M/S KRESTON HYDER BHIMJI & CO. Chartered Accountants retire and being eligible to offer them for reappointment.

For and on behalf of the Board



Chief Executive

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of M/s. **KOSMOPOLITAN SECURITIES (PVT) LIMITED**, as at June 30, 2015 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 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 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

KHBR

KARACHI Office:

16th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi. Phone: 92-21-35640050 to 52 Fax: 92-21-35640053, E-mail: hyderbhimji@yahoo.com, hyderbhimji@gmail.com

OTHER OFFICES

LAHORE Office:

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

FAISALABAD Office:

206-1st Floor, Business Centre, New Civil Lines, Faisalabad. Phone: 92-41-2615632-2615650 Fax: 92-41-2617902 E-mail: hyderbhimjifsd@gmail.com

www.hyderbhimji.com

KRESTON SECURITIES (PVT) LTD

BALANCE SHEET AS AT JUNE 30, 2015

NOTE	2015	2014
No.	Rs. (Pak)	Rs. (Pak)

-2-

- 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, 2015 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
ICAB 2015

Karachi: the 05 OCT 2015

5,473,870	3,176,405
9,013,870	9,458,405
76,341,083	75,472,094

Chief Executive

Director


KOSMOPOLITAN SECURITIES (PVT.) LTD

BALANCE SHEET AS AT JUNE 30, 2015

	NOTE No.	2015 Rupees	2014 Rupees
<u>CAPITAL & LIABILITIES</u>			
<u>AUTHORISED CAPITAL</u>			
1,500,000 Ordinary Shares of Rs. 100 each.		150,000,000	150,000,000
<u>ISSUED, SUBSCRIBED & PAIDUP CAPITAL</u>			
760,000 Ordinary Shares of Rs. 100 each allotted for consideration paid in Cash.		76,000,000	76,000,000
Un-appropriated Profit/ accumulated (loss)		295,580	(579,267)
		76,295,580	75,420,733
<u>TRADE AND OTHER PAYABLES</u>			
Accrued expenses		46,105	37,672
Contingencies & Commitment	4	-	-
		76,341,685	75,458,405
<u>ASSETS</u>			
<u>NON-CURRENT ASSETS</u>			
Intangible Assets	5	15,000,000	15,000,000
Long Term Investments	6	55,000,000	55,000,000
Long Term deposits	7	505,809	-
		70,505,809	70,000,000
<u>CURRENT ASSETS</u>			
Deposits		-	300,000
Cash & Bank Balances	8	5,835,876	5,158,405
		5,835,876	5,458,405
		76,341,685	75,458,405

The annexed notes 1 to 10 form an integral part of this financial statement

Chase



Chief Executive



Director

KOSMOPOLITAN SECURITIES (PVT) LTD
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

**KOSMOPOLITAN SECURITIES (PVT) LTD
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015**

	2015 Rupees	2014 Rupees
Income:		
Dividend Income-KSE Ltd.	1,202,216	741,366
	<u>1,202,216</u>	<u>741,366</u>
Expenses:		
Fee & Subscription <i>cyber net</i>	(192,147)	(144,805)
Audit Fee	(15,000)	(10,000)
	<u>(207,147)</u>	<u>(154,805)</u>
Profit before taxation	995,069	586,561
Provision for income tax	(120,222)	(74,137)
Net profit after taxation	<u>874,847</u>	<u>512,424</u>
Earning per share	<u>1.15</u>	<u>0.67</u>

The annexed notes 1 to 10 form an integral part of this financial statement

Munil

Chief Executive

Indu

Director

KOSMOPOLITAN SECURITIES (PVT.) LTD
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	-----Rupees-----	
Cash flows From Operating activities		
Profit for the year	995,069	586,561
Changes in working capital		
(Increase) / Decrease in Current assets		
Deposits	300,000	(300,000)
	300,000	(300,000)
Increase /(Decrease) in Current liabilities		
Accrued expenses	8,433	(8,328)
Increase in long term deposits	(505,809)	-
Income taxes paid during the year	(120,222)	(74,137)
Cash flow from operations	(617,598)	204,096
Net Cash (used in)/generated from operating activities	677,471	204,096
Cash flows From Investing Activities		
Net Cash (used in)/generated from investing activities	-	-
Net Cash (used in)/generated from Financing Activities	-	-
Net (decrease)/increase in cash and cash equivalents	677,471	204,096
Cash and cash equivalent at beginning	5,158,405	4,954,309
Cash and cash equivalent at end	5,835,876	5,158,405

The annexed notes 1 to 10 form an integral part of this financial statement

K. B. K.

M. M. M.
X
Chief Executive


M. M. M.
Director

KOSMOPOLITAN SECURITIES (PVT) LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Issued, Subscribed and Paid up Capital	Accumulated Loss / Un-appropriated profit	Total
	-----Rupees-----		
Balance as at June 30, 2013	76,000,000	(1,091,691)	74,908,309
Total Comprehensive Income for the year	-	512,424	512,424
Balance as at June 30, 2014	76,000,000	(579,267)	75,420,733
Total Comprehensive Income for the year	-	874,847	874,847
Balance as at June 30, 2015	76,000,000	295,580	76,295,580

The annexed notes 1 to 10 form an integral part of this financial statement

x 
Chief Executive


Director

KOSMOPOLITAN SECURITIES (PVT.) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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 brokerage 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. During the year SECP has issued the brokerage license to Company. However no business activity has been carried out during the year.

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 carrying amount of assets and liabilities that are not readily apparent from other sources. The actual results may differ from

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.

pkh

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.

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 exceeds 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.

ICUBB

2015	2014
Report	Report

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.

Handwritten signature

Report for Sale

Report for Sale

Report for Sale

10. FINANCIAL POSITION

Report for Sale

Report for Sale

Report for Sale

Report for Sale

Report for Sale

Report for Sale

Report for Sale

Report for Sale

Report for Sale

11. CASH & BANK BALANCE

Report for Sale

Report for Sale

Report for Sale

Report for Sale

Report for Sale

12. DATE OF AUTHORIZATION FOR ISSUE

Report for Sale

05 OCT 2015

13. GENERAL

Report for Sale

Report for Sale

Handwritten signature

Handwritten signature

Chief Executive

Handwritten signature

Director

2015 Rupees	2014 Rupees
----------------	----------------

5 INTANGIBLE ASSETS

Membership Card Rights & Privileges
Karachi Stock Exchange Limited TREC

	15,000,000	15,000,000
5.1 & 6.1	15,000,000	15,000,000

- 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
-----------	------------	------------

- 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 have recorded the remaining balance of Rs.55 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 the Central Depository Company of Paksitan Limited while 1,602,953 shares are certified to companies CDC account.

7 LONG TERM DEPOSITS

Deposit with Karachi Stock Exchange Ltd - Basic margin

201,000 -

Deposit with NCCPL

200,000

Deposit with CDC Pakistan Ltd

100,000 -

Base Mimimum Capital Requirement KSE

4,809 -

505,809 -

8 CASH & BANK BALANCES

- Cash-In-Hand

534,703 557,743

- Cash-At-Bank in Current Account

5,301,173 4,600,662

5,835,876 5,158,405

9 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue by the Board of Directors on

05 OCT 2015

10 GENERAL

10.1 Number of employees at year end Nil (2014: Nil)

10.2 Figures have been rounded off to the nearest rupee.

[Signature]

[Signature]
x
Chief Executive

[Signature]
Director