

STRONGMAN SECURITIES (PRIVATE) LIMITED

Balance Sheet

As at 31 December, 2016

		31 December, 2016	2016
		Rupees	Rupees
Non-Current Assets	<i>Note</i>		
Fixed assets			
Property and equipment	4.1	345,004	332,862
Intangible asset	4.2	4,000,000	4,000,000
		4,345,004	4,332,862
LSE Room		3,500,000	3,500,000
Long Term Investments	6	8,439,750	8,439,750
Long Term Deposits	7	932,500	932,500
		12,872,250	12,872,250
Current Assets			
Loan to Director		2,020,000	-
Short Term Investments	8	2,520,770	4,580,100
Accounts Receivables	9	6,805,801	2,240,887
Advances, deposits & pre-payments	10	6,690,988	3,016,988
Cash and bank balances	11	648,755	5,945,657
		18,686,315	15,783,632
		35,903,569	32,988,744
Equity and Liabilities			
Share capital	13	15,000,000	15,000,000
Unappropriated Profit / (Loss)		5,108,641	7,165,798
		20,108,641	22,165,798
Long Term Liabilities			
Loan from Directors	14	3,431,000	3,431,000
Current Liabilities			
Account payables	15	5,125,677	5,733,242
Accrued and Other Liabilities	16	5,938,251	187,731
Short Term Loan from Directors	17	1,300,000	1,370,182
Provision for taxation	18	-	100,791
		12,363,928	7,391,946
Contingencies and commitments	19	-	-
		35,903,569	32,988,744

The annexed notes 1 to 29 form an integral part of these financial statements.

Lahore:

Chief Executive

Director

STRONGMAN SECURITIES (PRIVATE) LIMITED

Profit and Loss Account

For the Period ended 31 December, 2016

	Note	31 December, 2016 Rupees	2016 Rupees
Revenue			
Income from brokerage	20	3,192,052	4,355,218
Un-realised gain /(loss) on investment		(1,870,998)	(380,900)
		1,321,054	3,974,318
Operating and Administrative expenses	21	(3,410,674)	(5,048,236)
Profit / (loss) from operation		(2,089,620)	(1,073,918)
Financial charges	22	(1,399)	(3,621)
Other income / (loss)	23	33,861	7,988,940
Profit / (Loss) before taxation		(2,057,157)	6,911,401
Taxation	18	-	(43,552)
Profit / (Loss) after taxation		(2,057,157)	6,867,849

The annexed notes 1 to 29 form an integral part of these financial statements.

Lahore:


Chief Executive

STRONGMAN SECURITIES (PRIVATE) LIMITED

Statement of Changes in Equity

For the Period ended 31 December, 2016

	Share capital Rupees	Share premium Rupees	Unappropriated profit/ (Loss) Rupees	Total Rupees
Balance as at 30 June 2014	15,000,000	-	(109,539)	14,890,461
Paid up Capital	-	-	-	-
Prior year adjustment for the year ended June 30, 2015	-	-	(210,993)	(210,993)
Net profit / (loss) for the year ended 30 June 2015	-	-	618,481	618,481
Balance as at 30 June 2015	<u>15,000,000</u>	<u>-</u>	<u>297,949</u>	<u>15,297,949</u>
Balance as at 01 July 2015	15,000,000	-	297,949	15,297,949
Net profit / (loss) for the year ended 30 June, 2016	-	-	6,867,849	6,867,849
Balance as at 30 June, 2016	<u>15,000,000</u>	<u>-</u>	<u>7,165,798</u>	<u>22,165,798</u>
Net profit / (loss) for the end of the period	-	-	(2,057,157)	(2,057,157)
	<u>15,000,000</u>	<u>-</u>	<u>5,108,641</u>	<u>20,108,641</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

Lahore:

Chief Executive

Director

STRONGMAN SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the Period ended 31 December, 2016

1 The Company's operations and registered office

Strongman Securities (Private) Limited ("the Company") was incorporated in October, 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 Pakistan Stock Exchange Limited. The registered Office of the Company is situated at Room No.409, Stock Exchange Building, 19-Khayabane-Aiwan-e-Iqbal, 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 4391768

These are 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 carried at amortised cost using 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

- 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.

	Note	Dec-16 Rupees	2016 Rupees
4 Fixed assets			
Property and equipment	4.1	345,004	345,004
Intangible	4.2	4,000,000	4,000,000
		<u>4,345,004</u>	<u>4,345,004</u>

31 December, 2016 2016
Rupees Rupees

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5 Short Term Investments

S.N.	Symbol	Company Name (Listed)	Qty	Price	Amount
1	BOP	THE BANK OF PUNJAB	25,000	17.65	441,250
2	NIB	NIB BANK LIMITED	1,100,000	1.81	1,991,000
3	TRG	TRG PAKISTAN	2,000	44.26	88,520

2,520,770 4,580,100

	Note	Dec 31,2016 Rupees	2016 Rupees
6 Long Term Investments			
Lahore Stock Exchange Financial Services Limited Shares - Unquoted Price		843,975 10.00	843,975 10.00
		<u>8,439,750</u>	<u>8,439,750</u>
6.1	The Company has pledged/hypothecated TRE Certificate of Pakistan Stock Exchange Limited (PSX) (formerly Lahore Stock Exchange) 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.		
	Accordingly, the company has been allotted 843,975 shares of LSEFSL 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. 337,590 shares of LSEFSL. The remaining 60% shares are transferred to CDC sub-account in company's name under LSEFSL's participant IDs with the CDC which will remain blocked until these are divested to strategic investor(s), general public and financial institutions.. 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.		
	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			
Central Depository Company of Pakistan Limited		102,500	102,500
Deposit with PSX		100,000	100,000
National Clearing Company of Pakistan Limited		300,000	300,000
Others		430,000	430,000
		<u>932,500</u>	<u>932,500</u>
8 Short Term Investments			
Cost of short term investments		4,391,768	4,961,000
Gain / (loss) on remeasurement of investments		(1,870,998)	(380,900)
	5	<u>2,520,770</u>	<u>4,580,100</u>
9 Accounts Receivables			
Accounts Receivables		6,805,801	2,240,887
	9.1	<u>6,805,801</u>	<u>2,240,887</u>
9.1	Receivables from clients relate to operating revenues and are secured but considered good by the Management.		

	<i>Note</i>	Dec 31,2016 Rupees	2016 Rupees
10 Advances, deposits & pre-payments			
Advance Tax		104,779	168,077
Other Advances		886,209	1,423,911
PSX future exposure		5,700,000	1,425,000
		<u>6,690,988</u>	<u>3,016,988</u>
11 Cash and bank balances			
Cash in hand		16	8,774
Cash in Bank			
In saving/ Profit Accounts		-	-
In Current Accounts		648,739	5,936,883
		<u>648,739</u>	<u>5,936,883</u>
		<u>648,755</u>	<u>5,945,657</u>
12 Share capital			
Authorized			
200,000 (2015: 200,000) Ordinary Shares of Rs. 100/- each		20,000,000	20,000,000
		<u>20,000,000</u>	<u>20,000,000</u>
13 Issued, subscribed and paid up			
150,000 ordinary shares of Rs. 100 each (2015: 150,000)		15,000,000	15,000,000
		<u>15,000,000</u>	<u>15,000,000</u>
14 Loan from Directors			
Loan from Directors ---Unsecured	<i>14.1</i>	3,431,000	3,431,000
		<u>3,431,000</u>	<u>3,431,000</u>
<i>14.1</i> This unsecured and markup free loan has been obtained from directors of the company and is repayable at the option of the Company.			
15 Account payables			
Account payables		5,125,677	5,733,242
	<i>15.1</i>	<u>5,125,677</u>	<u>5,733,242</u>
<i>15.1</i> Payable to clients relate to operating business.			
16 Accrued and Other Liabilities			
Tax payable		-	113,193
Accrued Liabilities		238,251	74,537
Other Liabilities		5,700,000	-
		<u>5,938,251</u>	<u>187,731</u>

	Note	Dec 31, 2016 Rupees	2016 Rupees
17 Short Term Loan from Directors			
Loan from Directors ---Unsecured	17.1	1,300,000	1,370,182
		<u>1,300,000</u>	<u>1,370,182</u>

17.1 This unsecured and markup free loan has been obtained from directors of the company .

18 Provision for taxation - Net

Opening Balance	-	120,537
Add: Taxation for the Period	-	43,552
	-	<u>164,089</u>
Less:		
Adjusted against Advance Tax	-	(63,298)
	-	<u>100,791</u>

19 Contingencies and Commitments

19.1 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.

20 Income from brokerage

Commission Income - Net	3,192,052	4,355,218
	<u>3,192,052</u>	<u>4,355,218</u>

21 Operating and Administrative expenses

Staff Salaries	1,215,500	2,428,750
Director's Remuneration	-	200,000
Printing & Stationery	6,361	39,084
Communication charges	-	134,287
Rent Rates & Taxes	136,610	32,149
Electricity Bills	126,498	206,740
Entertainment	93,621	143,412
Repair & Maintenance	40,600	364,297
LSE & CDC Charges	902,702	781,533
POSTAGE , TELEPHONE & TEL	66,660	-
Donation	135,000	-
Conveyance	238,930	68,310
Vehicle Lease Rentals	149,328	175,447
SECP Charges	-	91,300
Auditors' Remuneration	-	52,750
Software Maintenance Charges	-	65,444
Vehicle Insurance	78,000	-
Newspapers & Periodicals	3,600	7,210
Misc. Charges	19,400	81,616
Legal & Professional Charges	179,706	138,923
Depreciation and Impairment	18,158	36,985
	<u>3,410,674</u>	<u>5,048,236</u>

	Note	Dec 31,2016 Rupees	2016 Rupees
21.1 Auditors' Remuneration			
Audit Fee		-	50,000
Out of Pocket Expenses		-	2,750
		-	<u>52,750</u>
22 Financial charges			
Bank charges		1,399	3,621
		<u>1,399</u>	<u>3,621</u>
23 Other Income / (loss)			
Dividend Income		-	632,981
Gain /(loss) on remeasurement of TREC value		-	2,209,000
Un-realised gain /(loss) on remeasurement of LSEFS share value		-	4,260,750
Capital gain /(loss) on investment		-	886,209
Interest Income		33,861	-
		<u>33,861</u>	<u>7,988,940</u>

24 Taxation

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

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

25 Remuneration of Chief Executive, Directors and Executives

	Dec 31,2016	2016
<u>Managerial Remuneration including House Rent & Utility</u>		
Chief Executive	-	-
Executives	-	-
Directors	-	200,000
	-	<u>200,000</u>

Managerial remuneration has been paid to director Rs. 200,000 of the company during the year (2015: Rs. 570,000).

26 Accounting Estimates And Judgments

26.1 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 depreciation

	Note	Dec 31, 2016 Rupees	2016 Rupees
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26.2 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.

26.3 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 judgments (e.g. valuation, interest rates, etc.) and therefore cannot be determined with precision.

26.4 Trade debts

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

27 Number of employees

Total number of employees at the end of year was 6 (2015: 6). Average number of employees was 6 (2015: 5)

28 Authorization

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

29 General

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

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

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Lahore:  Chief Executive


Director Director