

**HORIZON SECURITIES LIMITED  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

## Directors' Report

On behalf of the Board of Directors of Horizon Securities Limited, I am pleased to present the Audited Annual Financial Statements of your Company for the year ended on June 30, 2014 together with auditor's report thereon.

### **ECONOMIC REVIEW**

Reflecting some improvement in electricity supply that facilitated increased industrial production, growth in the gross domestic product (GDP) of Pakistan reached an estimated 4.1% in Fiscal Year 2014 (ended 30 June 2014), unexpectedly accelerating from 3.7% in FY2013. Reform initiated by the government helped to improve economic conditions during the year. Renewed support from development partners and a \$2 billion eurobond issue, the first in 7 years, helped to stabilize the currency and rebuild foreign exchange reserves from very low levels. However, even concerted reform will need several years to eliminate electricity and gas shortfalls and to effect the change needed to lift structural constraints on growth. The consolidated fiscal deficit excluding grants was contained at 5.5% of GDP in FY2014, down from an average of 8.0% in the previous 3 years. This improvement came mainly from a large one-off increase in non tax revenues and a provincial cash surplus equal to 0.3% of GDP. The budget for FY2015 targets further reduction in the fiscal deficit to 4.9% of GDP through expenditure economies, reduced energy subsidies, and a provincial cash surplus equal to 0.9% of GDP. The current account deficit in FY2014 was essentially unchanged from the previous year's 1.1% of GDP. The trade deficit widened moderately, but this was largely offset by continued strong growth in remittances from overseas workers.

### **EQUITY MARKET REVIEW**

With the euphoria about the new political set-up (post-elections) settling down, the development on the economic front took the center stage in FY14. The investors' confidence gained strength as the signs of economic recovery gathered pace, particularly towards the end of FY14. Despite, pressure on forex reserves subsides amid better foreign inflows; the PKR has depreciated by approx. 6% in FY14 to PKR103.69 from the high of PKR110 in the same period under review. This in the back drop of government's willingness to tackle the constraining factors (power and security) on economy head-on is adding support to the prevalent positive sentiments. Subsequently, the benchmark KSE100 index posted a gain of 30% (36% in US\$ terms) to forms new high of 30,475pts. Market capitalization rose to USD\$68bn and market cap to GDP ratio has improved to around 25% of GDP. Average traded volume stood at 215mn, up 13% from the same period last year, while in US\$ terms average traded value stood at US\$84mn comparing favorably with US\$47mn in FY13. Improved country dynamics is also culminating into improved foreign participations that already hold approx. 8% of market capitalization. During the period, Foreigners bought shares of worth US\$742mn followed by banks US\$85mn where Mutual funds remained net seller of US\$153mn in FY14.

# HORIZON SECURITIES LTD.

CORPORATE MEMBER:  
Lahore Stock Exchange Limited.

■ Suite 22, 2nd Floor, Al-Hafeez View,  
87-D-1 Sir Syed Road,  
Liberty Commercial Zone,  
Gulberg-III, Lahore (Pakistan)  
Tel: + 92 - 42 - 35771185 - 87  
Fax: + 92 - 42 - 35771191

## Company's Financial Overview

Following are the comparative financial results for the year 2014 and 2013

	2014 Rs.	2013 Rs.
Gross Revenue / (Loss)	70,142,120	26,059,736
Profit / (Loss) before tax	44,112,510	9,179,688
Profit/ (Loss) after tax	37,293,026	7,680,052
Total Equity	74,615,304	55,879,273
Earning Per share	6.78	1.40

I am pleased to report that there is tremendous improvement in the revenues of the Company that had increased to Rs. 70,142,120 (2013: Rs 26,059,736). Our investments had also shown a remarkable realized gain of Rs 47,313,091 (2013: Rs 15,542,666). Despite increase in the expenses we are pleased to report profit after tax as Rs. 37,293,026 (2013: 7,680,052) The bottom-line of the company has also increased to Earning of Rs. 6.78 per share as compared to Earning of Rs. 1.40 per share of last year

## Future Outlook

On brokerage side we are continuously in the process of building a solid clientele base by adding the new clients and also enhancing the business volumes from the exiting clientele. On investment side we are in the process of building a quality portfolio which will benefit the Company by dividends and capital gains both. The process of controlling and monitoring the expenses will remain one of our top priorities. We hope to maintain the current momentum of profits and gains in future and are confident for the bright future of the Company

Keeping in view the fund requirement of the Company the Board of Directors has decided not to declare any dividend, bonus and not to approve any appropriation for reserves.

## Corporate and Financial Reporting Framework

The directors are pleased to confirm that:

- The Financial Statements together with the notes thereon have been drawn up by the management of the company in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, results of its operations, cash flows and changes in equity.
- Proper Books of Account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgment.
- The auditor's report does not contain any reservation, observation, any qualification or any adverse remarks.
- The system of internal control is sound and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as going concern.
- There is not material statutory payment outstanding on account of taxes, duties, levies and charges.
- The company has not made any default in the payments of its debts or obligations
- There have been no material changes since June 30, 2014 and the company has not entered into any commitment, which would affect its financial position at the date.
- The pattern of shareholding as on June 30, 2014 is attached

Pursuant to the requirement of the section 218 of the Companies Ordinance, 1984 we are pleased to report the Bonus payment of Rs. 4,500,000/- to the Executive Directors for his extra ordinary efforts for getting the best results of the Company history

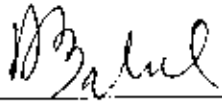
### Auditors

The present Auditors Messrs. Hameed Chaudhri & Co Chartered Accountants, will retire on the conclusion of Annual General Meeting and being eligible, have offered themselves for reappointment. The BOD has recommended their reappointment as auditors of the Company for the year ending on June 30, 2015, at a fee to be mutually agreed.

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## Acknowledgement

We are grateful to the Company's stakeholders for their long-lasting confidence and support. We also record our appreciation and thanks to our Bankers & Financial Institution, Securities and Exchange Commission of Pakistan, Central Depository Company of Pakistan and the Management of Lahore Stock Exchange Limited for their continued support and guidance for the growth of the company.



Dr. Zafar Iqbal  
Chairman & CEO

Place: Lahore

Date: September 30, 2014



**HAMEED CHAUDHRI & CO.**  
**CHARTERED ACCOUNTANTS**

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **HORIZON SECURITIES LIMITED** (the Company) as at June 30, 2014 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 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 a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account 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 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, 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 and of the profit, total 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).

LAHORE; 30 SEP 2014

Audit Engagement Partner: Osman Hameed Chaudhri

*Hec* Hameed Chaudhri & Co  
**HAMEED CHAUDHRI & CO.,**  
**CHARTERED ACCOUNTANTS**

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**Praxity**  
GLOBAL ALLIANCE OF  
INDEPENDENT FIRMS

**HORIZON SECURITIES LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2014**

Assets	Note	2014 Rupees	2013 Rupees
<b>Non current assets</b>			
Property, plant and equipment	4	8,415,978	4,565,336
Intangible assets	5	11,805,644	11,823,476
Long term investment	6	9,638,195	28,195,190
Security deposits	7	1,436,500	1,436,500
		<u>31,296,317</u>	<u>46,020,502</u>
<b>Current assets</b>			
Trade receivables	8	68,105,715	42,329,319
Advances and prepayments	9	2,259,776	590,776
Short term investments	10	154,799,592	58,402,279
Tax deducted at source / income tax refundable		667,104	2,153,349
Cash and bank balances	11	2,514,857	911,950
		<u>228,347,044</u>	<u>104,387,673</u>
<b>Total Assets</b>		<u><u>259,643,361</u></u>	<u><u>150,408,175</u></u>
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
<b>Authorised capital</b>			
11,000,000 ordinary shares of Rs.10 each		<u>110,000,000</u>	<u>110,000,000</u>
<b>Issued, subscribed and paid-up capital</b>			
5,500,000 ordinary shares of Rs.10 each		55,000,000	55,000,000
Fair value loss on remeasurement of available-for-sale investments		(18,556,995)	-
Unappropriated profit		<u>38,172,299</u>	<u>879,273</u>
		<u>74,615,304</u>	<u>55,879,273</u>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Loans from related parties	12	111,360,600	32,860,600
Liability against asset subject to finance lease	13	305,309	617,032
		<u>111,665,909</u>	<u>33,477,632</u>
<b>Current liabilities</b>			
Current portion of liability against asset subject to finance lease	13	311,957	263,516
Trade payables	14	57,562,362	53,868,604
Accrued and other liabilities	15	4,283,252	2,193,678
Short term borrowings	16	10,346,881	3,073,993
Taxation	17	857,696	1,651,479
		<u>73,362,148</u>	<u>61,051,270</u>
<b>Total Liabilities</b>		<u>185,028,057</u>	<u>94,528,902</u>
<b>Contingences and commitments</b>	18		
<b>Total Equity and Liabilities</b>		<u><u>259,643,361</u></u>	<u><u>150,408,175</u></u>

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

  
Chief Executive



  
Director

**HORIZON SECURITIES LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees
Operating revenue	19	12,432,621	10,913,862
Gain on sale of short term investments - net		47,313,091	15,542,666
Fair value gain / (loss) on remeasurement of investments through profit or loss		10,396,408	(396,816)
Other income		-	24
		<u>70,142,120</u>	<u>26,059,736</u>
Administrative and operating expenses	20	(22,287,226)	(13,824,673)
Finance cost	21	(3,742,384)	(3,055,375)
<b>Profit before taxation</b>		<u>44,112,510</u>	<u>9,179,888</u>
<b>Taxation</b>			
Current	17	(6,724,424)	(1,651,479)
Prior year	17	(95,060)	151,843
		<u>(6,819,484)</u>	<u>(1,499,636)</u>
<b>Profit after taxation</b>		<u>37,293,026</u>	<u>7,680,052</u>
<b>Earnings per share - basic</b>	22	<u>6.78</u>	<u>1.40</u>

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Chief Executive



  
Director



**HORIZON SECURITIES LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees
Profit after taxation		37,293,026	7,680,052
<b>Other Comprehensive Loss</b>			
Items that may be reclassified subsequently to profit and loss account			
Fair value loss on remeasurement of available for sale investment	6	(18,556,995)	-
<b>Total comprehensive income for the year</b>		<u>18,736,031</u>	<u>7,680,052</u>

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

  
Chief Executive



  
Director

**HORIZON SECURITIES LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	2014 Rupees	2013 Rupees
<b>Cash flow from operating activities</b>		
Profit before taxation	44,112,510	9,179,888
Adjustments for non-cash charges and other items:		
Depreciation	489,162	564,758
Amortization	17,832	49,996
Fair value adjustment of investments through profit or loss	(10,396,408)	396,816
Finance cost	3,742,384	3,055,375
<b>Profit before working capital changes</b>	<b>37,965,480</b>	<b>13,246,633</b>
<b>Effect on cash flow due to working capital changes</b>		
Increase in current assets:		
Trade receivables	(25,776,396)	(23,033,055)
Advances and prepayments	(1,669,000)	(108,635)
Short term investments - net	(86,000,905)	(38,183,182)
Increase in current liabilities:		
Trade payables	3,693,758	16,168,131
Accrued and other liabilities	2,304,639	606,748
	<b>(107,447,904)</b>	<b>(44,549,993)</b>
<b>Cash used in operations</b>	<b>(69,482,424)</b>	<b>(31,303,360)</b>
Income tax paid	(6,127,022)	(1,807,213)
<b>Net cash used in operating activities</b>	<b>(75,609,446)</b>	<b>(33,110,573)</b>
<b>Net cash used in investing activities - fixed capital expenditure</b>	<b>(4,339,804)</b>	<b>(1,867,215)</b>
<b>Cash flow from financing activities</b>		
Loans from related parties - obtained	80,000,000	31,360,600
- repaid	(1,500,000)	-
Lease finance - net	(263,282)	(213,458)
Short term borrowings - net	7,272,888	3,073,993
Finance cost paid	(3,957,449)	(2,816,285)
<b>Net cash generated from financing activities</b>	<b>81,552,157</b>	<b>31,404,850</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,602,907</b>	<b>(3,572,938)</b>
<b>Cash and cash equivalents - at beginning of the year</b>	<b>911,950</b>	<b>4,484,888</b>
<b>Cash and cash equivalents - at end of the year</b>	<b>2,514,857</b>	<b>911,950</b>

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

  
 Chief Executive



  
 Director

**HORIZON SECURITIES LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2014**

	Share capital	Fair value loss on remeasure- ment of available- for-sale investments	(Accumul- ated loss) / Unappr- opriated profit	Total
	----- Rupees -----			
Balance as at June 30, 2012	55,000,000	-	(6,800,779)	48,199,221
Total comprehensive income for the year ended June 30, 2013	-	-	7,680,052	7,680,052
Balance as at June 30, 2013	55,000,000	-	879,273	55,879,273
Total comprehensive income for the year ended June 30, 2014				
Profit for the year	-	-	37,293,026	37,293,026
Other comprehensive loss	-	(18,556,995)	-	(18,556,995)
	-	(18,556,995)	37,293,026	18,736,031
Balance as at June 30, 2014	<u>55,000,000</u>	<u>(18,556,995)</u>	<u>38,172,299</u>	<u>74,615,304</u>

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

  
Chief Executive



  
Director

# **HORIZON SECURITIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2014**

#### **1. LEGAL STATUS AND OPERATIONS**

Horizon Securities Limited (the Company) was incorporated in Pakistan on January 08, 2007 as a Single Member Company under the Companies Ordinance, 1984. The Company was incorporated pursuant to the corporatisation policy of the Securities and Exchange Commission of Pakistan to enable the individual members of Stock Exchanges to transfer their membership along with all entitlements related thereto to a corporate entity. The status of the Company has been first converted into a Private Limited Company with effect from May 27, 2011 and then a Public Limited Company with effect from June 27, 2011.

The Company is a Trading Right Entitlement Certificate holder (formerly corporate member) of the Lahore Stock Exchange Limited (formerly Lahore Stock Exchange (Guarantee) Limited). The Company is principally engaged in shares brokerage & trading and consultancy services. The registered office of the Company is situated at HM House, 7-Bank Square, Off The Mall, Lahore.

#### **2. BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with 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 and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 have been followed.

##### **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

##### **2.3 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest rupees unless otherwise stated.

##### **2.4 New and amended standards and interpretations**

###### **2.4.1 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant**

The amendment to the following standard have been adopted by the Company for the first time for the financial year beginning on July 1, 2013:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from this amendment is a requirement for entities to group items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit and loss subsequently (reclassification adjustments). The Company has applied the amendments by incorporating the effects in these financial statements.

###### **2.4.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant**

There are certain new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2013 are considered not to be relevant or to have any significant effect on the Company's financial reporting and are, therefore, not detailed in these financial statements.

### 2.4.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments to published standards are not effective (although available for early adoption) for the financial year beginning on July 1, 2013 and have not been early adopted by the Company:

- (a) Annual improvements 2012 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect seven standards: IFRS 2, 'Share-based payment', IFRS 3, 'Business Combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment', IAS 24 'Related Party Disclosures' and IAS 38, 'Intangible assets'. The Company does not expect to have material impact on its financial statements due to application of these amendments.
- (b) Annual improvements 2013 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2011-2013 cycle of annual improvements project that affect four standards: IFRS 1, 'First time adoption of International Financial Reporting Standards', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. These amendments do not have any impact on Company's financial statements.
- (c) IAS 32 (Amendment), 'Financial instruments: presentation', is applicable on accounting periods beginning on or after January 1, 2014. This amendment updates the application guidance in IAS 32, 'Financial instruments: presentations', to clarify some of the requirements for offsetting financial assets and financial liabilities on the reporting date. The Company shall apply this amendment from July 1, 2014 and does not expect to have a material impact on its financial statements.
- (d) IFRS 9, 'Financial instruments' (effective for periods beginning on or after 01 January, 2015). IFRS 9 replaces the parts of IAS 39, 'Financial instruments: recognition and measurement' that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the requirements of IAS 39. The Company is yet to assess the full impact of IFRS 9; however, initial indications are that it may not significantly affect the Company's financial assets.
- (e) IAS 36 (Amendment), 'Impairment of assets', is applicable on accounting periods beginning on or after January 1, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Company shall apply this amendment from July 1, 2014 and this will only affect the disclosures in the Company's financial statements in the event of impairment.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

### 2.5 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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) Estimate of useful lives and residual values of depreciable assets and provision for impairment there against [note 3.1, 3.2 and 3.3];
- (ii) Classification and valuation of investments [note 3.4];
- (iii) Provision for taxation [note 3.8] and
- (iv) Provisions [note 3.9].

### 3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 3.1 Operating fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to income by applying reducing balance method at the rates specified in note 4.1. Depreciation on additions to fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

Normal repairs and replacements are taken to profit and loss account. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of fixed assets, if any, is taken to profit and loss account.

#### 3.2 Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. The related obligation of leases is accounted for as liability. Finance cost is allocated to accounting periods in a manner so as to provide a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Depreciation is charged to income at the rates stated in note 4.1 applying reducing balance method to write-off the carrying amount of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Finance cost and depreciation on leased assets are charged to income currently.

#### 3.3 Intangible assets

##### (a) Computer software's

Expenditure incurred to acquire computer software are capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight-line method over a period of three years.

Gain / loss on retirement / disposal of intangible assets is taken to profit and loss account.

##### (b) Trading Right Entitlement Certificate / Stock Exchange Membership Card

Previously Membership card with indefinite useful life was stated at cost less accumulated impairment losses, if any. The carrying amount of membership card was ascertained at each balance sheet date and any impairment loss identified was taken to the profit and loss account. However, during the preceding year, the stock exchange membership card was swapped under the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 with the shares of Lahore Stock Exchange Limited and Trading Right Entitlement Certificate (note 5.2).

#### 3.4 Investments

##### (a) Available for sale

Investments, which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale.

Subsequent to initial recognition these are re-measured to fair value, with any resultant gain or loss being recognised in other comprehensive income. Gains or losses on available for sale investments are recognised in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is reclassified to profit and loss account.

The Company uses latest stock exchange quotations to determine the fair value of its quoted investments.

**(b) At fair value through profit and loss**

These are held for trading purpose. An investment is classified in this category if acquired principally for the purpose of selling in the short-term. Investments in this category are classified as current assets. These are stated at fair value with any resulting gain or losses recognised directly in profit or loss account.

**3.5 Impairment losses**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

**3.6 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks.

**3.7 Trade and other payables**

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

**3.8 Taxation**

**(a) Current and prior year**

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantially enacted by the balance sheet date and is based on current rates of taxation being applied on the taxable income for the year, after taking into account, tax credits and rebates available, if any. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

**(b) Deferred**

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

### 3.9 Provisions

Provisions are recognised 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 of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### 3.10 Borrowings and borrowing costs

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which these are incurred.

### 3.11 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- brokerage income is accounted for on 'accrual basis'.
- capital gains and losses on sale of investments are recorded on the date of sale.
- dividend income is accounted for when the right of receipt is established.

### 3.12 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include deposits, trade receivables, advances, investments, bank balances, long term loan from related parties and trade & other payables. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

### 3.13 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

## 4. PROPERTY, PLANT AND EQUIPMENT

	Note	2014 Rupees	2013 Rupees
Operating fixed assets	4.1	2,603,934	3,065,096
Work-in-progress - advance payments against:			
- building		3,188,280	1,500,240
- vehicle		2,623,764	-
		5,812,044	1,500,240
		<u>8,415,978</u>	<u>4,565,336</u>



## 4.1 OPERATING FIXED ASSETS - Tangible

Particulars	Cost			Rate	Depreciation			Book value as at June 30, 2014
	As at June 30, 2013	Additions	As at June 30, 2014		As at June 30, 2013	For the year	As at June 30, 2014	
	----- Rupees -----			%	----- Rupees -----			
<b>Owned:</b>								
Furniture and fixtures	935,199	-	935,199	10	348,527	58,667	407,194	528,005
Office equipment	954,451	-	954,451	10	311,742	64,271	376,013	578,438
Electric installations	472,917	-	472,917	10	164,367	30,855	195,222	277,695
Computers	860,250	28,000	888,250	30	616,891	78,608	695,499	192,751
Vehicle	102,000	-	102,000	20	11,900	18,020	29,920	72,080
<b>Leased:</b>								
Vehicle	1,963,332	-	1,963,332	20	769,626	238,741	1,008,367	954,965
<b>2014</b>	<b>5,288,149</b>	<b>28,000</b>	<b>5,316,149</b>		<b>2,223,053</b>	<b>489,162</b>	<b>2,712,215</b>	<b>2,603,934</b>
<b>2013</b>	<b>4,921,174</b>	<b>366,975</b>	<b>5,288,149</b>		<b>1,658,295</b>	<b>564,758</b>	<b>2,223,053</b>	<b>3,065,096</b>

## 5. INTANGIBLE ASSETS

	Note	2014 Rupees	2013 Rupees
Computer Software - at book value	5.1	834	18,666
Trading Right Entitlement Certificate	5.2	11,804,810	11,804,810
		<b>11,805,644</b>	<b>11,823,476</b>

## 5.1 Computer software

Opening book value	18,666	68,662
Amortisation for the year	(17,832)	(49,996)
Book value at June 30,	<b>834</b>	<b>18,666</b>
<b>Gross carrying value at June 30,</b>		
Cost	511,140	511,140
Accumulated amortisation	510,306	492,474
Book value	<b>834</b>	<b>18,666</b>
Amortisation rate - % per annum	<b>33.33</b>	<b>33.33</b>

- 5.2 During the preceding year, in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Company received Trading Right Entitlement Certificate (TREC) and equity shares of Lahore Stock Exchange Limited (LSE) in lieu of its membership card of LSE. The Company's entitlement in respect of LSE's shares was determined on the basis of the valuation of assets and liabilities of LSE as approved by the SECP. The Company has been allotted with 843,975 shares of LSE, having face value of Rs.10 each, out of which 506,385 shares have been kept in a blocked account and the disinvestment of the same will be made in accordance with the requirements of the Act. As at June 30, 2013 the active market value of TREC and equity shares of LSE was not available, the allocation of the carrying amount of membership card to the composite assets i.e. TREC and equity shares of the LSE was made based on the guidance given by the Technical Committee of the Institute of Chartered Accountants of Pakistan.

<b>6.</b>	<b>LONG TERM INVESTMENT - available for sale</b>	<b>2014</b>	<b>2013</b>
		<b>Rupees</b>	<b>Rupees</b>
	Lahore Stock Exchange Limited (LSE)		
	843,975 ordinary shares of Rs.10 each	<b>28,195,190</b>	28,195,190
	Adjustment on remeasurement to fair value	<b>(18,556,995)</b>	-
		<u><b>9,638,195</b></u>	<u>28,195,190</u>

- 6.1 As at June 30, 2014, out of total shares, 506,385 shares have been kept in a blocked account as detailed in note 5.2.

- 6.2 Shares have been valued on the basis of latest available net asset value per share of Rs.11.42 as at December 31, 2013. This value was determined by the Board of Directors of the LSE and circulated vide their notice no.1245 dated February 28, 2014.

<b>7.</b>	<b>SECURITY DEPOSITS</b>		
		<b>2014</b>	<b>2013</b>
		<b>Note</b>	<b>Rupees</b>
	Deposits with:		<b>Rupees</b>
	LSE		880,000
	Central Depository Company of Pakistan		100,000
	National Clearing Company of Pakistan		300,000
	Others		156,500
			<u><b>1,436,500</b></u>
			<u>1,436,500</u>

**8. TRADE RECEIVABLES**

Due from:

	- director	413,485	-
	- related parties	9,258,856	-
	- other customers	58,433,374	42,329,319
		<u><b>68,105,715</b></u>	<u>42,329,319</u>

**9. ADVANCES AND PREPAYMENTS**

Advances to - employees

Prepayments

		2,205,584	536,584
		54,192	54,192
		<u><b>2,259,776</b></u>	<u>590,776</u>

**10. SHORT TERM INVESTMENTS -**

At fair value through profit or loss

	Quoted	10.1	154,773,981	58,386,448
	Mutual fund	10.2	25,611	15,831
			<u><b>154,799,592</b></u>	<u>58,402,279</u>

## 10.1 At fair value through profit or loss - Quoted

No. of shares		Name of the Company	Market value	
2014	2013		2014	2013
			----- Rupees -----	
-	81	Abbot Laboratories Pakistan Ltd.	-	26,575
350	23,500	Arif Habib Ltd.	21,392	914,855
1,017,500	-	Askari Bank Ltd.	19,342,675	-
-	500	Atlas Insurance Ltd.	-	22,995
12,200	-	Attock Refinery Ltd.	2,596,892	-
-	200,000	Ayesha Steel Ltd.	-	1,808,000
2,000	2,000	Ayesha Steel Ltd. Pref. Shares	14,060	16,020
-	362,500	Centaury Paper & Board Mills Ltd.	-	9,805,625
-	14,000	Cherat Packaging Ltd.	-	539,000
20	5,020	Clariant Pakistan Ltd.	6,330	1,600,627
-	11,000	Cyan Ltd.	-	629,750
1,000	-	Dawood Hercules Chemicals Ltd.	71,510	-
90	-	Engro Fertilizers Ltd.	5,189	-
1,000	-	Engro Foods Ltd.	102,530	-
110	255,610	Engro Polymer & Chemicals Ltd.	1,507	3,108,218
154,000	154,000	Escorts Investment Bank Ltd.	423,500	569,800
-	150,000	Fatima Fertilizer Co. Ltd.	-	3,724,500
100	500	Gadoon Textile Mills Ltd.	25,617	62,000
512	-	Ghani Gases Ltd.	12,769	-
525	500	Ghani Glasses Ltd.	27,048	31,300
-	5,000	Hub Power Company Ltd.	-	308,250
-	10,000	Hum Network Ltd.	-	380,000
500	1,000	Ibrahim Fibres Ltd.	35,930	52,000
283,000	-	International Steels Mills Ltd.	6,523,150	-
5,500,000	-	JS Bank Ltd.	30,305,000	-
-	5,000	JS Global Capital Ltd.	-	150,650
-	600,000	JS Investments Ltd.	-	4,110,000
-	50,000	Kot Addu Power Co. Ltd.	-	3,094,000
4,000,000	-	K - Electric Ltd.	33,960,000	-
55	50	Murree Brewery Co. Ltd.	50,600	13,750
499,000	800,000	NIB Bank Ltd.	1,102,790	1,856,000
800	800	Nishat Power Ltd.	28,096	26,792
901,500	-	ORIX Leasing Pakistan Ltd.	30,596,910	-
-	19,500	Pak Data Com Ltd.	-	1,404,195
200,000	-	Pak Electron Ltd.	5,080,000	-
1,000	-	Pakistan Gum & Chemicals Ltd.	145,810	-
-	37,500	P.I.A. Corporation	-	339,750
-	212,000	Pakistan Insurance Ltd.	-	5,009,560
100,000	-	Pakistan Intl. Bulk Terminal Ltd.	1,438,000	-
-	22,300	Pakistan Oilfields Ltd.	-	11,091,351
100,000	26,500	Pakistan Petroleum Ltd.	21,392,000	5,606,870
290	290	Pakgen Power Ltd.	5,382	7,114
600	-	Pakistan State Oil	231,150	-
22,500	-	Pioneer Cement Ltd.	1,049,850	-
-	200	Sanofi Aventis Pak Ltd.	-	113,478
20	400	Searle Pakistan Ltd.	3,617	31,592
51	41	Shell Pakistan Ltd.	14,417	6,870
-	1,000	Shifa International Hospitals Ltd.	-	44,000
500	500	Sitara Chemical Industries Ltd.	147,025	99,945
1,500	-	The Bank of Punjab	13,215	-
-	81,000	Tariq Glass Industries Ltd.	-	1,782,000
1	1	United Distributors Pakistan Ltd.	20	16
<b>12,800,724</b>	<b>3,052,293</b>		<b>154,773,981</b>	<b>58,386,448</b>

- 8,366,255 (2013: 1,680,300) shares are held by brokers as margin for trading.
- 3,589,190 (2013: 1,223,314) shares are pledged against short term borrowings.

## 10.2 At fair value through profit or loss - Mutual fund

2014 No. of units	2013 No. of units	Note	2014 Rupees	2013 Rupees
<b>MCB Cash Management Optimizer</b>				
156.698	144.817		15,831	14,498
99,451.801	-		10,000,000	-
16.499	11.881		-	-
(99,368.888)	-		(10,000,000)	-
			15,831	14,498
			9,780	(1,333)
			25,611	15,831
256.110	156.698			

## 11. CASH AND BANK BALANCES

Cash in hand	65,521	8,319
Cash at banks on:		
- current accounts	2,448,918	903,213
- PLS saving account	418	418
	2,449,336	903,631
	2,514,857	911,950

## 12. LOANS FROM RELATED PARTIES

Due to:

- Chief executive		-	1,500,000
- Directors	12.1	102,460,600	22,460,600
- Others		8,900,000	8,900,000
		111,360,600	32,860,600

12.1 These loans have been obtained from the Company's directors and are interest free. All the loans are repayable after June 30, 2015.

## 13. LIABILITY AGAINST ASSET SUBJECT TO FINANCE LEASE - Secured

Particulars	2014			2013		
	Upto one year	From one to five years	Total	Upto one year	From one to five years	Total
----- Rupees -----						
Minimum lease payments	393,687	878,726	1,272,413	400,657	1,268,941	1,669,598
Less: finance cost allocated to future periods	81,730	22,317	104,047	137,141	100,809	237,950
	311,957	856,409	1,168,366	263,516	1,168,132	1,431,648
Less: security deposits adjustable on expiry of lease term	-	551,100	551,100	-	551,100	551,100
Present value of minimum lease payments	311,957	305,309	617,266	263,516	617,032	880,548

- 13.1 The Company, during the year ended June 30, 2011, has acquired a vehicle under finance lease arrangement from a commercial bank in the name of its chief executive. The liability under the lease agreement is repayable in monthly installments by April, 2016 and during the year carried mark-up at the rates of 17.19% and 17.71% (2013: 17.19% and 19.62%) per annum. This lease finance facility is secured against title of the leased vehicle in the name of lessor. The Company intends to purchase the leased vehicle after expiry of lease term.

14. TRADE PAYABLES	2014 Rupees	2013 Rupees
Due to:		
- related parties	51,002	2,576,985
- other customers	57,511,360	51,291,619
	<u>57,562,362</u>	<u>53,868,604</u>
<b>15. ACCRUED AND OTHER LIABILITIES</b>		
Accrued mark-up and lease finance charges	249,393	464,458
Accrued expenses	3,684,347	1,529,012
Income tax payable	24,843	31,715
Federal excise duty payable	151,631	154,942
Dividend payable	173,038	13,551
	<u>4,283,252</u>	<u>2,193,678</u>

16. **SHORT TERM BORROWINGS - Secured**

Short term finance facilities available from commercial banks under mark-up arrangements aggregate to Rs.40 million (2013: Rs.10 million). These facilities, during the year, carried mark-up at the rates ranging from 12.03% to 15.16% (2013: 12.28% to 14.95%) per annum payable on quarterly basis. These facilities are secured against pledge of shares acceptable to bank in CDC account with 30% to 40% margin against shares or as per SBP whichever is higher and personal guarantee of all directors of the Company.

These finance facilities are available upto May 31, 2015.

17. TAXATION - net	2014 Rupees	2013 Rupees
Opening balance	1,651,479	202,000
Add: provision made during the year for:		
- current	6,724,424	1,651,479
- prior year	95,060	(151,843)
	6,819,484	1,499,636
Less: adjustments against completed assessments / tax deducted at source during the year	(7,613,267)	(50,157)
	<u>857,696</u>	<u>1,651,479</u>

- 17.1 Income tax assessments of the Company have been finalised by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 upto the year ended June 30, 2013.

18. **CONTINGENCIES AND COMMITMENTS**

There was no known contingent liability / commitment as at June 30, 2014 and June 30, 2013.

19. OPERATING REVENUE	Note	2014 Rupees	2013 Rupees
Brokerage income	19.1	11,355,878	9,333,050
Dividend income		1,076,743	1,580,812
		<u>12,432,621</u>	<u>10,913,862</u>
19.1 This includes income aggregating Rs.3,924,327 (2013: Rs.819,961) earned from related parties.			
20. ADMINISTRATIVE AND OPERATING EXPENSES		2014 Rupees	2013 Rupees
Salaries and benefits		4,915,786	3,799,018
Director's remuneration		7,170,000	2,670,000
Office rent		284,130	258,300
Fees and subscription		2,649,309	1,272,749
Travelling and conveyance		603,389	310,997
Auditors' remuneration			
- statutory audit		125,000	125,000
- tax services and certification charges		-	15,000
- out-of-pocket expenses		10,000	10,000
		135,000	150,000
Printing and stationery		69,852	86,082
Repair and maintenance		312,776	507,716
Utilities		235,536	161,831
Entertainment		905,594	712,133
Postage and communication		681,053	641,150
Office supplies and consumables		461,482	100,549
CDC & clearing house charges		260,566	234,394
Commission		2,879,115	2,223,778
Depreciation		489,162	564,758
Amortization		17,832	49,996
Professional charges		83,000	20,000
Insurance and tracker charges		58,644	61,222
Donations		75,000	-
		<u>22,287,226</u>	<u>13,824,673</u>
21. FINANCE COST			
Mark-up on short term borrowings		3,542,909	2,841,559
Lease finance charges		129,478	189,039
Bank charges		69,997	24,777
		<u>3,742,384</u>	<u>3,055,375</u>

<b>22. EARNINGS PER SHARE</b>	<b>2014</b>	<b>2013</b>
	<b>Rupees</b>	<b>Rupees</b>
Basic earnings per share		
Net profit for the year	<u>37,293,026</u>	<u>7,680,052</u>
	--- Number of shares ---	
Weighted average ordinary shares in issues	<u>5,500,000</u>	<u>5,500,000</u>
	---- Rupees ----	
Earnings per share	<u>6.78</u>	<u>1.40</u>

### 23. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated undertakings, its directors & their relatives and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties and other transactions with them have been disclosed in the relevant notes to these financial statements (Note 8, 12, 14 and 19.1).

### 24. REMUNERATION OF DIRECTORS

Remuneration paid to one of the director of the Company has been disclosed in note 20 to these financial statements.

### 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### 25.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

#### 25.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

##### (a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company activities at present does not expose to any currency risk.

##### (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2014	2013	2014	2013
	Effective rate		Carrying amount	
	%	%	Rupees	Rupees
<b>Financial liabilities</b>				
<b>Variable rate instruments</b>				
Liability against asset				
subject to finance lease	17.19 & 17.71	17.19 & 19.62	<u>617,266</u>	<u>880,548</u>
Short term borrowings	12.03 & 15.16	12.28 & 14.95	<u>10,346,881</u>	<u>3,073,993</u>

**Sensitivity analysis**

At June 30, 2014, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs.109,641 (2013: Rs.39,545) lower / higher, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

**(c) Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market.

The Company's investments in units of mutual funds and shares of quoted Companies are exposed to price risk due to change in Net Assets Value (NAV) of units of units of mutual funds and the prices of shares of quoted companies.

A change of 10% in NAV of units of mutual funds and the price of shares of quoted Companies at reporting date would have increased / decreased profit for before tax for the year by Rs.15.479 million (2013: Rs.5.840 million).

**25.3 Credit risk exposure and concentration of credit risk**

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts, advances, investments and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

**Exposure to credit risk**

The maximum exposure to credit risk as at June 30, 2014 along with comparative is tabulated below:

	2014 Rupees	2013 Rupees
Long term investment	9,638,195	28,195,190
Security deposits	1,436,500	1,436,500
Trade receivables	68,105,715	42,329,319
Advances	2,205,584	536,584
Short term investments	154,799,592	58,402,279
Bank balances	2,449,336	903,631
	<u>238,634,922</u>	<u>131,803,503</u>

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade receivables as debts aggregating Rs.22.208 million have been realised subsequent to the year-end and for other trade receivables there are reasonable grounds to believe that the amounts will be realised in short course of time.



## 25.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years
----- Rupees -----				
<b>June 30, 2014</b>				
Loans from related parties	111,360,600	111,360,600	-	111,360,600
Liability against asset subject to finance lease	617,266	721,313	393,687	327,626
Trade payables	57,562,362	57,562,362	57,562,362	-
Accrued and other liabilities	4,106,778	4,106,778	4,106,778	-
Short term borrowings	10,346,881	11,786,543	11,786,543	-
	<u>183,993,887</u>	<u>185,537,596</u>	<u>73,849,370</u>	<u>111,688,226</u>
<b>June 30, 2013</b>				
Loans from related parties	32,860,600	32,860,600	-	32,860,600
Liability against asset subject to finance lease	880,548	1,118,498	400,657	717,841
Trade payables	53,868,604	53,868,604	53,868,604	-
Accrued and other liabilities	2,007,021	2,007,021	2,007,021	-
Short term borrowings	3,073,993	3,458,856	3,458,856	-
	<u>92,690,766</u>	<u>93,313,579</u>	<u>59,735,138</u>	<u>33,578,441</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

## 25.5 Fair value hierarchy

The table below analyzes financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The following table presents the Company's assets that are measured at fair value as at the year end:

	Level 1 ----- Rupees -----	Level 2	Level 3
<b>June 30, 2014</b>			
<b>Assets</b>			
Long term investment	-	-	9,638,195
Short term investments	<u>154,773,981</u>	<u>25,611</u>	<u>-</u>
<b>June 30, 2013</b>			
<b>Assets</b>			
Long term investment	-	-	28,195,190
Short term investments	<u>58,386,448</u>	<u>15,831</u>	<u>-</u>

#### 25.6 Fair value of financial assets and liabilities

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

#### 26. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratio under the financing agreements.

#### 27. NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2014 were 13 (2013: 12) and their average numbers during the years were same.

#### 28. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on **30 SEP 2014** by the board of directors of the Company.

#### 29. GENERAL

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison; however, no material re-arrangements have been made in these financial statements.

  
Chief Executive



  
Director

**HORIZON SECURITIES LIMITED**  
**PATTERN OF SHAREHOLDING**  
**As at June 30, 2014**

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
	1	100	
2	101	500	1,000
	501	1,000	
	1,001	5,000	
	5,001	10,000	
	10,001	100,000	
	100,001	1,000,000	
1	1,000,001	10,000,000	5,499,000
3			5,500,000

**CATEGORIES OF SHAREHOLDERS**  
**As at June 30, 2014**

Categories	Shares Held	Percentage
Associated Companies & Related Parties		0.000
Directors, Chief Executive and their Spouse and Minor Children		
Dr. Zafar Iqbal	5,499,000	99.982
Mrs. Abida Zafar	500	0.009
Mr. Afraz Zafar	500	0.009
Executives	-	0.000
Banks/DFIs/NBFIs		
Modarabas/ Mutual Funds & Foreign Investors		0.000
Joint Stock Companies		0.000
Insurance Companies		0.000
NIT & ICP		0.000
Individual -Local		0.000
Individual -Foreign		0.000
Other		
	5,500,000	100.000
Detail of Shareholding 5% & more		
Dr. Zafar Iqbal	5,499,000	99.982