

# **Assurance Department**

**BMA CAPITAL MANAGEMENT LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2018**

## INDEPENDENT AUDITOR'S REPORT

To the members of BMA Capital Management Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of BMA Capital Management Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the Loss and comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan / Institute of Cost and management Accountants (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

The engagement partner on the audit resulting in this independent auditor's report is Adnan Zaman.

  
Chartered Accountants  
Karachi  
Dated: 28 SEP 2018



BMA CAPITAL MANAGEMENT LIMITED  
UNCONSOLIDATED BALANCE SHEET  
AS AT JUNE 30, 2018

	Note	30-Jun-18 Rupees	30-Jun-17 Rupees
<b>EQUITY AND LIABILITIES</b>			
Share capital and reserves			
Authorised share capital			
10,000,000 (June 30, 2017: 10,000,000)		100,000,000	100,000,000
Ordinary shares of Rs. 10 each			
Issued, subscribed and paid up capital			
6,600,000 (June 30, 2017: 6,600,000)	5	66,000,000	66,000,000
Ordinary shares of Rs. 10 each			
Share premium		370,760,000	370,760,000
General reserve		54,500,000	54,500,000
Fair value adjustment on available for sale investment		19,736,221	38,763,828
Unappropriated profit		129,605,245	315,883,100
Total shareholder's equity		640,601,466	845,906,928
<b>LIABILITIES</b>			
Non-current liabilities			
Liabilities against assets subject to finance lease	6	37,800,326	48,030,874
Long term loan	8	50,000,000	75,000,000
		87,800,326	123,030,874
Current liabilities			
Current portion of liabilities against assets subject to finance lease	6	27,795,831	19,013,838
Current portion of long term loan	8	50,000,000	25,000,000
Short term loan - unsecured	9	-	500,000,000
Short term running finance under mark up arrangement - secured	10	340,381,849	814,855,499
Creditors against trading of shares and commodities		574,798,594	705,772,712
Creditors, accrued and other liabilities	11	36,503,179	128,400,480
		1,029,479,454	2,193,042,529
Contingencies and commitments	12		
Total Equity and Liabilities		1,757,881,246	3,161,980,331
<b>ASSETS</b>			
Non current assets			
Property and equipment	13	132,538,199	123,360,472
Intangible assets	14	1,997,316	2,773,158
Long term investments	15	174,353,582	194,163,827
Long term advances - unsecured (considered good)	16	2,500,000	2,500,000
Long term deposits	17	15,606,803	12,718,243
Loan to subsidiary	18	50,000,000	-
Deferred tax	7	-	-
		376,995,900	335,515,700
Current Assets			
Receivables from customers	19	187,643,904	646,963,421
Advances - unsecured (considered good)		2,278,865	673,619
Deposits and prepayments	20	249,090,742	969,380,614
Receivables from related party	21	973,832	-
Other receivables	22	3,658,267	34,013,591
Short term investments	23	165,598,792	325,870,719
Taxation - net	24	143,797,209	135,028,257
Bank balances	25	627,843,735	714,534,410
		1,380,885,346	2,826,464,631
Total Assets		1,757,881,246	3,161,980,331

The annexed notes from 1 to 41 form an integral part of these unconsolidated financial statements.

*Nasir Rahman*  
Chief Executive

*Qasim*  
Director

*Rafiq*

BMA CAPITAL MANAGEMENT LIMITED  
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2018

	Note	30-Jun-18 Rupees	30-Jun-17 Rupees
Operating revenue	26	429,126,928	803,310,654
Income from quoted securities	27	6,992,910	120,411,246
Dividend income from subsidiaries		-	5,000,000
Income from clients on margin finance		21,263,670	20,682,835
Unrealized loss on remeasurement of investments carried at fair value through profit or loss		(32,145,033)	(10,044,976)
		<u>425,238,476</u>	<u>939,359,759</u>
Administration and distribution expenses	28	(460,387,502)	(599,548,788)
Operating profit		<u>(35,149,026)</u>	<u>339,810,971</u>
Provision for sales tax on forex and others		-	(7,115,068)
Other operating charges	29	(953,017)	(1,590,000)
Financial charges	30	(50,141,639)	(65,813,588)
		<u>(51,094,656)</u>	<u>(74,518,656)</u>
		<u>(86,243,682)</u>	<u>265,292,315</u>
Other income	31	37,672,664	70,539,882
(Loss)/profit before tax		<u>(48,571,019)</u>	<u>335,832,197</u>
Taxation - net	32	(61,806,836)	(72,120,295)
(Loss)/profit after tax		<u>(110,377,855)</u>	<u>263,711,902</u>
(Loss)/earnings per share - basic and diluted	33	<u>(16.72)</u>	<u>39.96</u>

The annexed notes from 1 to 41 form an integral part of these unconsolidated financial statements.

Nadeem Rahman  
Chief Executive

Q. Ane  
Director

**BMA CAPITAL MANAGEMENT LIMITED**  
**UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>30-Jun-18</b>	<b>30-Jun-17</b>
	<b>Rupees</b>	<b>Rupees</b>
(Loss)/profit after tax	(110,377,855)	263,711,902
Other comprehensive income		
Fair value adjustment-available for sale investment		
-Will not be reclassified to profit and loss in subsequent	(19,027,608)	38,763,828
-Will be reclassified to profit and loss in subsequent periods		
<b>Total comprehensive income</b>	<b>(129,405,463)</b>	<b>302,475,730</b>

The annexed notes from 1 to 41 form an integral part of these unconsolidated financial statements.

Nadeem Rehman  
Chief Executive

  
Director

BMA CAPITAL MANAGEMENT LIMITED  
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up capital	Reserves				Total reserves	Total
		Capital reserve	Revenue reserve				
		Share premium	General Reserve	Fair value adjustment	Unappropriated profit		
		----- (Rupees)					
Balance as on July 01 2016	66,000,000	370,760,000	54,500,000		52,171,198	477,431,198	543,431,198
Profit after tax	-	-	-	-	263,711,902	263,711,902	263,711,902
Other comprehensive income	-	-	-	38,763,828	-	-	38,763,828
Balance as at June 30, 2017	66,000,000	370,760,000	54,500,000	38,763,828	315,883,100	741,143,100	845,906,928
Loss after tax	-	-	-	-	(110,377,855)	(110,377,855)	(110,377,855)
Other comprehensive income	-	-	-	(19,027,608)	-	-	(19,027,608)
Dividend payout	-	-	-	-	(75,900,000)	(75,900,000)	(75,900,000)
Balance as at June 30, 2018	66,000,000	370,760,000	54,500,000	19,736,221	129,605,245	554,865,245	640,601,466

The annexed notes from 1 to 41 form an integral part of these unconsolidated financial statements.

Nasir Rahman  
Chief Executive

Qame  
Director