



### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **M/S. M.F. STOCKS (PRIVATE) LIMITED** at **JUNE 30, 2012**, the related profit and 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 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 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 accounts and are further in accordance with accounting policies consistently applied;
  - (ii) no expenditure were incurred during the year 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, profits and loss account, cash flow statement and statement of changes in equity together with the notes forming



# SHAFIQ & CO.

CHARTERED ACCOUNTANTS

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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, 2012** 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.**  
**Dated: September 26, 2012**



**SHAFIQ & CO.**  
**Chartered Accountants.**

**M/S. M.F. STOCKS (PRIVATE) LIMITED**

**BALANCE SHEET  
AS AT JUNE 30, 2012**

<b>EQUITY &amp; LIABILITIES</b>	<b>NOTE</b>	<b><u>2012</u> <u>RUPEES</u></b>
<b><u>Authorised Capital:</u></b> 300,000/- Ordinary Shares of Rs. 100/- each		<b><u>30,000,000</u></b>
<b><u>Issued, Subscribed &amp; Paid up Capital:</u></b> 170,000/- Ordinary Shares of Rs. 100/- each		17,000,000
		<b><u>17,000,000</u></b>
<b>PROPERTY &amp; ASSETS</b>		
Deffered Cost	3	340,000
<b>CURRENT ASSETS</b>		
Cash and Bank Balances	4	16,660,000
		<b><u>17,000,000</u></b>

  
CHIEF EXECUTIVE

  
DIRECTOR



**M/S. M.F. STOCKS (PRIVATE) LIMITED**  
**PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>NOTE</u>	<u>2012</u> <u>RUPEES</u>
Income		-
<b><u>OPREATING EXPENSES</u></b>		
Administrative Expenses		-
Financial Expenses		-
		-
Other Income		-
<b>Net Profit / (Loss) Before Taxation</b>		-
Less: Taxation		-
<b>Net Profit / (Loss) After Taxation</b>		-
Basic earning / (loss) per share	5	-

*Ghazanfar Farooq*  
**CHIEF EXECUTIVE**

*Zahid Mehmood*  
**DIRECTOR**



**M/S. M.F. STOCKS (PRIVATE) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2012</u> <u>RUPEES</u>
<b><u>Operating Activities</u></b>	
Net Profit Before Taxation	-
<b>Adjustments</b>	
Financial Expenses	-
Depreciation	-
<b>Operating profit before working capital change</b>	-
<b>Change in working capital</b>	
(Increase)/Decrease in Trade Debtors	-
(Increase)/Decrease in Investment	-
(Increase)/Decrease in Advances, Deposits & Prepayments	-
Increase/(Decrease) in Trade Creditors	-
	-
Cash Generated form Operating Activities	-
Taxation	-
<b>Cash Inflow from Operating Activities</b>	-
<b><u>Investing Activities</u></b>	
Deffered Cost	(340,000)
<b>Cash Outflow From Investing Activities</b>	(340,000)
<b><u>Financing Activities</u></b>	
Proceeds from issue of Share Capital	17,000,000
<b>Cash Outflow From Financing Activities</b>	17,000,000
<b>Net Cash inflow</b>	16,660,000
Opening balance of Cash & Bank	-
<b>Cash and Bank Balance at end of Year</b>	16,660,000

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**



**M/S. M.F. STOCKS (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Share Capital	Un-appropriated Profit / (Loss)	Total
<b>Balance as at July 01, 2011</b>	-	-	-
Addition / (Deletion) For The Year	17,000,000	-	17,000,000
<b>Balance as at June 30, 2012</b>	<u>17,000,000</u>	<u>-</u>	<u>17,000,000</u>

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**



**M/S. M.F. STOCKS (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**1 THE COMPANY & ITS OPERATIONS:**

The Company was incorporated on May 30, 2012 as a Private Limited Company under the Companies Ordinance 1984. The registered office of the company is situated at House # 263-CC, Phase - IV, D.H.A. Lahore Cantt, Lahore. The principle activity of the company is Brokerage House. The company has not yet started its operations because it has not yet got the membership of Lahore Stock Exchange (Guarantee) Limited as a brokerage house.

**2 SIGNIFICANT ACCOUNTING POLICIES:**

**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 Accounting Financial Reporting Standards for Small Sized Entities (SSE's) issued by the Institute of Chartered Accountants of Pakistan and provisions and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

**2.2 Accounting Convention:**

These accounts have been prepared under the historical cost convention.

**2.3 Staff Retirement Benefits:**

The Company will not be having any staff benefit scheme for its employees.

**2.4 Taxation:**

Provision for current taxation will base on the taxable income at the current rates of taxation after taking to account tax credits and tax rebates available, if any, or minimum tax on turnover whichever is higher.

**2.5 Fixed Assets:**

The company has not yet purchased any fixed assets.

Operating Property, Plant and Equipment except freehold land shall be stated at cost less accumulated depreciation.

Depreciation shall be provided on Reducing Balance Method to write-off the cost and capitalise over estimated remaining useful life of operating fixed assets. Rates of depreciation shall be stated in the Schedule of Fixed Assets. Depreciation on additions shall be charged from the month the asset is available for use while no depreciation shall be charged in the month in which the assets is disposed off.

Gain / (Loss) on disposals of Property, Plant and Equipment shall be taken to Profit & Loss Account.

Normal repairs and maintenance shall be taken to Profit & Loss Account.

Major improvements shall be capitalised and assets replaced, if any, are retired.



**2.6 Revenue Recognition:**

Incomes shall be recorded on Trading of Shares.

**2.7 Financial Instruments:**

Financial assets and liabilities shall be recognised when the Company becomes a party to contractual provisions of the instrument.

All purchases and sales of financial assets shall be recognized on the trade date.

**2.8 Financial Assets:**

The Company's principal financial assets are long term investment, long term deposit, trade debtors, advances, deposits and prepayments and cash & bank balances.

**2.9 Financial Liabilities:**

Financial liabilities shall be classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include trade and other payables.

**2.10 Trade Debtors:**

Trade debtors shall be stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amount, if any.

**2.11 Cash and Cash Equivalents:**

Cash and Cash Equivalents comprise of cash in hand and balances with banks.

**2.12 Off Setting:**

Financial assets and financial liabilities shall be set off and the net amount shall be reported in the financial statements when there is a legally enforceable right to set off and the company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

**2.13 Impairment:**

The carrying amount of the company's assets shall be reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount shall be estimated in order to determine the extent of the impairment loss. Impairment losses shall be recognized as an expense in the Profit & Loss Account.





**2012**  
**RUPEES**

<b>3 <u>DEFERRED COST:</u></b>	
Un-allocated Expenditure	<u>340,000</u>
<b>4 <u>CASH &amp; BANK BALANCES:</u></b>	
Cash in Hand	3,310,000
Cash at Bank	<u>13,350,000</u>
	<u>16,660,000</u>
<b>5 <u>BASIC EARNINGS / (LOSS) PER SHARE:</u></b>	
Profit / (Loss) After Taxation Attributable to Ordinary Shareholders	<u>-</u>
Number of Ordinary Shares Issued & Subscribed At The Year End	<u>170,000</u>
<b>Basic Earnings / (Loss) Per Share</b>	<u>-</u>

There is no dilutive effect on the basic earnings per share.

**6 DATE OF AUTHORIZATION FOR ISSUE:**

These financial statements have been approved and authorized for issue by the Board of Directors of the company on September 26, 2012.

**7 FIGURES:**

- in the accounts have been rounded-off to the nearest of rupees.

  
CHIEF EXECUTIVE

  
DIRECTOR

