

Zillion Capital Securities (Private) Limited
Financial Statements
For the year ended June 30, 2015

Zillion Capital Securities (Private) Limited

Financial Statements

Index

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ZILLION CAPITAL SECURITIES (PVT) LTD.

TREC Holder Karachi Stock Exchange Limited.

DIRECTORS' REPORT

The Directors take pleasure in presenting their report together with the audited financial statement of the Company for the years June 30, 2015. The working results of the company for the said financial year are given as under:

FINANCIAL RESULTS:

	<u>Rupees</u>
Total revenue	38,446,759
Operating expenses	(29,788,046)
Profit/(Loss) before taxation	<u>8,658,713</u>
Taxation - current	(2,107,690)
Profit/(Loss) after taxation	<u><u>6,551,023</u></u>

DIVIDEND:

The Directors do not recommend any dividend during the year due to cash flow requirement in next financial year.

FUTURE PROSPECTS:

The Directors expect future profitability to be increased due to improvement in market condition.

EARNINGS/(LOSS) PER SHARE:

Earnings per share for the year ended 30th June 2015 was Rs. 6.454

AUDITORS:

The auditors of the company Nasir Javaid Maqsood Imran – Chartered Accountants have retired and offer their services for the ensuing year.

On behalf of the board
For (Zillion Capital Securities (Pvt) Ltd)

Karachi:

Dated:

Chief Executive



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Zillion Capital Securities (Private) Limited** as at **June 30, 2015** 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 accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion-
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied .
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and

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A member firm of



Zillion Capital Securities (Private) Limited
Balance Sheet
As at June 30, 2015

	Note	Rupees 2015	Rupees 2014
<u>ASSETS</u>			
<u>NON-CURRENT ASSETS</u>			
Property and equipment	7	753,462	936,101
Intangible assets	8	8,430,720	8,430,720
Long term investments	9	21,819,280	21,819,280
Long term deposit	10	3,854,809	3,750,000
<u>CURRENT ASSETS</u>			
Trade receivables	11	236,858,289	187,195,517
Short term investments	12	39,710,834	26,214,544
Advances, deposits & other receivables	13	7,782,089	29,446,943
Cash & bank balance	14	15,170,149	6,640,019
		299,521,360	249,497,023
		334,379,631	284,433,124
<u>CAPITAL AND LIABILITIES</u>			
<u>Authorized capital</u>			
1,500,000 ordinary shares of Rs. 100/- each		150,000,000	150,000,000
Issued, subscribed and paid-up capital	15	101,500,000	101,500,000
Unappropriated profit		45,915,645	39,364,622
		147,415,645	140,864,622
<u>NON-CURRENT LIABILITIES</u>			
Long term loan			500,000
<u>CURRENT LIABILITIES</u>			
Short term running finance	16	152,344,210	109,602,363
Trade payable		14,273,036	29,767,972
Accrued expenses & other liabilities	17	20,346,740	3,698,167
		186,963,986	143,068,502
Contingencies and commitments	18	-	-
		334,379,631	284,433,124

The annexed notes from 1 to 31 form an integral part of these financial statements.

Karachi
Dated : 05 OCT 2015


Chief Executive


Director

Zillion Capital Securities (Private) Limited
Profit & Loss Accounts
For the year ended June 30, 2015

	Note	Rupees 2015	Rupees 2014
<u>REVENUE</u>			
Operating revenue	19	16,329,137	17,957,311
Capital gain/(loss) on sale of investments		15,524,730	7,607,956
Gain/(Loss) on remeasurement of investments - net		2,648,253	621,078
		34,502,120	26,186,345
<u>OPERATING EXPENSES</u>			
Administrative expenses	20	17,839,119	16,046,311
Financial charges	21	11,772,219	9,589,130
		29,611,338	25,635,441
Operating profit/ (loss) before taxation		4,890,782	550,904
Other charges	22	176,708	-
Other income	23	3,944,639	401,192
Net profit/ (loss) before taxation		8,658,713	952,096
Taxation	24	2,107,690	1,045,735
Net profit / (loss) after taxation		6,551,023	(93,639)
Earnings/(Loss) per share- basic and diluted	25	6.454	(0.092)

The annexed notes from 1 to 31 form an integral part of these financial statements.

Karachi

Dated : 05 OCT 2015



Chief Executive



Director 4

Zillion Capital Securities (Private) Limited
Statement of Comprehensive Income
For the year ended June 30, 2015

Note	Rupees 2015	Rupees 2014
Net profit / (loss) after taxation	6,551,023	(93,639)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	6,551,023	(93,639)

The annexed notes from 1 to 31 form an integral part of these financial statements.

Karachi
Dated :

05 OCT 2015


Chief Executive


Director

Zillion Capital Securities (Private) Limited
Cash Flow Statement
For the year ended June 30, 2015

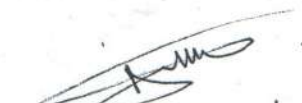
Note	Rupees 2015	Rupees 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) before taxation	8,658,713	952,094
Add/less : Items not involved in movement of fund:		
Depreciation	182,639	213,130
Capital (gain)/loss on sale of investments	(15,524,730)	(7,607,956)
(Gain)/Loss on remeasurement of investments - net	(2,648,253)	(621,078)
(Gain)/Loss on disposal of property & equipment	-	(31,500)
Financial charges	11,772,219	9,589,130
	(6,218,125)	1,541,726
Operating profit before working capital changes, financial charges and taxes	2,440,588	2,493,819
Net change in working capital	(a) (20,568,020)	35,786,563
	(18,127,432)	38,280,382
Financial charges paid	(11,772,219)	(9,589,130)
Tax paid	(3,707,257)	(1,045,735)
Net cash inflow/(outflow) from operating activities	(33,606,908)	27,645,517
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	501,465
Deposit to Karachi Stock Exchange Limited	(104,809)	501,465
Net cash inflow/ (outflow) from investing activities	(104,809)	501,465
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term running finance	42,741,847	(19,204,903)
Long-term loan repayment	(500,000)	(9,500,000)
Net cash inflow/ (outflow) from financing activities	42,241,847	(28,704,903)
Net increase / (decrease) in cash and cash equivalents	8,530,130	(557,921)
Cash and cash equivalent at beginning of the year	6,640,019	7,197,939
Cash and cash equivalent at end of the year	14 15,170,149	6,640,019
(a) Statement of change in working capital		
(Increase) / decrease in current assets		
Trade receivables	(49,662,772)	(18,951,522)
Short term investments	4,676,694	83,632,042
Advances, deposits & other receivables	23,264,421	(23,062,787)
	(21,721,657)	41,617,732
Increase / (decrease) in current liabilities		
Trade payables	(15,494,936)	(5,546,763)
Accrued expenses & other liabilities	16,648,573	(284,406)
	1,153,637	(5,831,169)
Net change in working capital	(20,568,020)	35,786,563

The annexed notes from 1 to 31 form an integral part of these financial statements.

Karachi

Dated : 05 OCT 2015


Chief Executive


Director

Zillion Capital Securities (Private) Limited
Statement of Changes in Equity
For the year ended June 30, 2015

	Issued, subscribed and paid-up capital	Unappropriated profit/ (loss)	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Balance as at June 30, 2013	101,500,000	39,458,261	140,958,261
Net profit / (loss) after taxation	-	(93,639)	(93,639)
Balance as at June 30, 2014	101,500,000	39,364,622	140,864,622
Net profit / (loss) after taxation	-	6,551,023	6,551,023
Balance as at June 30, 2015	101,500,000	45,915,645	147,415,645

The annexed notes from 1 to 31 form an integral part of these financial statements.

Karachi
Dated : 05 OCT 2015


Chief Executive


Director

Zillion Capital Securities (Private) Limited
Notes to the accounts

1 LEGAL STATUS AND NATURE OF BUSINESS

Zillion Capital Securities (Private) Limited (the Company) was incorporated in June 07, 2001 as a private limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 727-729, 7th Floor, Stock Exchange Building, Stock Exchange Road, Karachi, Pakistan. The company is engaged in the business of financial consultancy, brokerage, underwriting and investment counselling. It is a Trading Right Certificate Holder of the Karachi Stock Exchange Limited.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) 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 shall prevail.

3 BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention except for certain investments which are carried at their fair value.

3.2 These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

4 NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS THAT ARE EFFECTIVE FOR THE YEAR ENDED JUNE 30, 2015

4.1 The following standards, amendments and interpretations are effective for the year ended December 31, 2014. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2014
IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets	Effective from accounting period beginning on or after January 01, 2014
IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting	Effective from accounting period beginning on or after January 01, 2014
IFRIC 21 - Levies	Effective from accounting period beginning on or after January 01, 2014

Zillion Capital Securities (Private) Limited
Notes to the accounts

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements.

SIGNIFICANT ACCOUNTING POLICIES

4.2 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to profit and loss account using reducing balance method whereby the cost of the asset less its estimated residual value is written off over the estimated useful life at rates given in note 7. Depreciation on additions is charged from the quarter in which asset is available for use and on disposals upto the quarter preceding the quarter of disposal. Normal repairs and maintenance costs are charged to income as and when incurred. Major renewals and improvements are capitalised. The assets residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each financial year end. Gain or loss on disposal of assets, if any, is recognized in the period of disposal.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceeds estimated recoverable amount, assets are written down to their estimated recoverable amount.

4.3 Intangible assets

Intangible assets having definite life are stated at cost less accumulated amortization and impairment, if any.

Rooms and trading right entitlement certificate are considered to have an indefinite useful life and are stated at acquisition cost. The carrying amount of these assets is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying amount exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Gain and loss on disposal, if any, is taken to the profit and loss account.

4.4 Investments

The management of the Company determines the appropriate classification of its investments at the time of purchase as follows.

Held-to-maturity

Investment with fixed maturities where management has both the intent and ability to hold to maturity, are classified as held-to-maturity investments. These investments are carried at amortized cost.

Available-for-sale

These are investments intended to be held for an indefinite period to time, which may be sold in response to needs for liquidity or changes in equity prices. Subsequent to initial measurement, these are re-measured to fair value except for unquoted investments which are stated at cost. Net gains and losses arising on changes in fair value of these investments are recognized directly in equity. On derecognition or impairment in available-for-sale investments, the cumulative gain or loss previously recognized in equity is included in the profit and loss account for the year.

Investments at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial recognition, these investments are remeasured at fair value and gains or losses are recognized in profit and loss account.

Zillion Capital Securities (Private) Limited
Notes to the accounts

4.5 Repurchase / Resale agreements

The Company enters into transactions of repos and reverse repos at contracted rates for a specified period of time. These are recorded as under:

Sale under repurchase obligation

Securities sold with a simultaneous commitment to repurchase at a specified date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as expense over the term of the repo agreement.

Purchase under resale obligation

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the balance sheet. Amounts paid under these arrangements are included in reverse repurchase agreement lendings. The difference between purchase and resale price is accrued as income over the term of the reverse repos agreement.

4.6 Trade debts and fund placements

In accordance with good accounting practices the company provides fully against the trade debts and fund placements for which no security is available without prejudice to its right to take appropriate legal and commercial action for the recovery of the said trade debts and fund placements.

4.7 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.8 Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the realised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.9 Provisions

Provisions are 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.

Zillion Capital Securities (Private) Limited
Notes to the accounts

4.10 Taxation

4.10.1 Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemption available, if any. For income covered under Final Tax Regime, taxation is based on applicable tax rates under such regime.

4.10.2 Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences and deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences, unused tax assets and unused tax losses can be utilised.

4.11 Revenue recognition

- Brokerage commission is recognized as and when services are provided.
- Income from placements of funds is recognized on time proportionate basis.
- Mark-up on over due balances is recognized on accrual basis.
- Underwriting commission is recognized when the agreement is executed.
- Dividend income is recognized when right to receive the same is established.
- Gain / loss arising on disposal of investments is included in income currently and is accounted for on the date at which the transaction takes place.
- Profit of bank accounts is recognized on accrual basis.
- Corporate Advisory Fee is recognized on accrual basis.

5 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgment about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Zillion Capital Securities (Private) Limited
Notes to the accounts

6 NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 19 Employee Benefits: Employee contributions	Effective from accounting period beginning on or after July 01, 2014
IAS 27 (Revised 2011) - Separate Financial Statements	Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10
IAS 28 (Revised 2011) - Investments in Association and Joint Ventures	Effective from accounting period beginning on or after January 01, 2015
IFRS 10 - Consolidated Financial Statements	Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.
IFRS 11 - Joint Arrangements	Effective from accounting period beginning on or after January 01, 2015
IFRS 12 - Disclosure of Interests in Other Entities	Effective from accounting period beginning on or after January 01, 2015
IFRS 13 - Fair Value Measurement	Effective from accounting period beginning on or after January 01, 2015

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 9 - Financial Instruments
- IFRS 14 - Regulatory Deferral Accounts
- IFRS 15 - Revenue from Contracts with Customers

Zillion Capital Securities (Private) Limited
Notes to the accounts

7 PROPERTY AND EQUIPMENT

	Furniture & fixtures (Rupees)	Office equipments (Rupees)	Vehicles (Rupees)	Computers (Rupees)	Total (Rupees)
<u>Net carrying value basis</u>					
Year ended June 30, 2015					
Opening net book value (NBV)	135,064	325,557	193,986	281,494	936,101
Additions (at cost)	-	-	-	-	-
Disposals (at NBV)	(20,260)	(48,834)	(29,098)	(84,448)	(182,639)
Depreciation charge					
Closing net book value (NBV)	114,804	276,723	164,888	197,046	753,462
<u>Gross carrying value basis</u>					
As at June 30, 2015					
Cost	662,150	939,389	1,515,000	3,215,953	6,332,492
Accumulated depreciation	(547,346)	(662,666)	(1,350,112)	(3,018,907)	(5,579,030)
Net book value (NBV)	114,804	276,723	164,888	197,046	753,462
<u>Net carrying value basis</u>					
Year ended June 30, 2014					
Opening net book value (NBV)	158,899	383,008	770,689	306,599	1,619,195
Additions (at cost)	-	-	-	95,535	95,535
Disposals (at NBV)	-	-	(696,000)	-	(696,000)
Depreciation charge	(23,835)	(57,451)	119,297	(120,640)	(82,629)
Closing net book value (NBV)	135,064	325,557	193,986	281,494	936,101
<u>Gross carrying value basis</u>					
As at June 30, 2014					
Cost	662,150	939,389	1,515,000	3,215,953	6,332,492
Accumulated depreciation	(527,086)	(613,832)	(1,321,014)	(2,934,459)	(5,396,391)
Net book value (NBV)	135,064	325,557	193,986	281,494	936,101
Depreciation rates (%)	15	15	15	30	

Zillion Capital Securities (Private) Limited
Notes to the accounts

Note	Rupees 2015	Rupees 2014
12 <u>SHORT TERM INVESTMENTS</u>		
Investments at fair values through profit & loss		
<u>Listed equity securities</u>		
Listed securities	37,062,580	27,025,081
Unrealized gain/(loss) as a result of measurement at market value - net	2,648,253	(810,537)
	<u>39,710,834</u>	<u>26,214,544</u>
13 <u>ADVANCES, DEPOSITS AND OTHER RECEIVABLES</u>		
Advance to staff	205,793	179,050
Advance against IPO	-	14,250,000
Deposits against KSE exposure	1,479,782	10,109,381
Advance tax	6,092,398	4,492,831
Other receivables	4,116	415,681
	<u>7,782,089</u>	<u>29,446,943</u>
	1,689,691	24,954,112
14 <u>CASH & BANK BALANCES</u>		
Cash in hand	65,108	62,338
Cash at bank - in current accounts	15,105,041	6,577,681
	<u>15,170,149</u>	<u>6,640,019</u>
15 <u>ISSUED, SUBSCRIBED & PAID-UP-CAPITAL</u>		
Ordinary shares of Rs. 100/- each		
<u>2015</u>	<u>2014</u>	
325,000	325,000	Ordinary shares of Rs. 100/- each fully paid in cash
		Ordinary shares of Rs. 100/- each issued for
690,000	690,000	consideration other than cash.
<u>1,015,000</u>	<u>1,015,000</u>	
		32,500,000
		69,000,000
		<u>101,500,000</u>
16 <u>SHORT TERM RUNNING FINANCE - SECURED</u>		
From banking companies	<u>152,344,210</u>	<u>109,602,363</u>
<p>A limit of Rs. 305 Million (2014: Rs. 225 Million) have been arranged from commercial banks under mark-up arrangement. The aggregate finance are secured against pledge of shares of blue chip companies, mortgage of office premises and personal guarantees of directors of the company. The mark-up charged on these facility ranged from 3 months KIBOR + 2.00% to 2.50% per annum on daily outstanding balances payable quarterly.</p>		
17 <u>ACCRUED EXPENSES & OTHER LIABILITIES</u>		
Accrued expenses	5,346,740	2,454,833
Provision for taxation	-	231,299
Other liabilities	15,000,000	1,012,035
	<u>20,346,740</u>	<u>3,698,167</u>

Zillion Capital Securities (Private) Limited
Notes to the accounts

Note	Rupees 2015	Rupees 2014
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18 CONTINGENCIES AND COMMITMENTS

Bank guarantee issued for Rs. 10 million (Rupees ten million Only) in favour of Karachi Stock Exchange Limited by JS Bank. (2014: Rs. 10 million).

19 OPERATING REVENUE

Brokerage commission	15,030,096	16,418,339
Dividend income	1,299,041	1,538,972
	16,329,137	17,957,311

20 ADMINISTRATIVE EXPENSES

Directors' remuneration	3,600,000	4,255,000
Staff salaries & allowances	3,983,320	4,284,420
Commission expense	694,119	1,049,168
KSE service charges	71,520	449,578
Service & transaction charges	2,804,756	-
Printing and stationery	541,113	367,357
Utilities	419,013	-
Fees and subscription	363,775	214,975
Charity and donation	548,405	498,400
Insurance	361,634	165,093
Legal & professional	359,975	183,100
Rent, rates & taxes	109,430	166,281
Computer expenses	385,665	-
Software expenses	455,999	-
Communication expenses	683,442	600,830
Auditor's remuneration	90,000	90,000
Travelling and conveyance	193,162	1,060,107
Entertainment	970,938	921,790
Advertisement and business promotion	150,700	-
Vehicle running expense	329,350	268,990
Repair and maintenance	351,030	1,168,722
Depreciation	182,639	213,129
Misc. & General	189,133	89,371
	17,839,119	16,046,311

21 FINANCIAL CHARGES

Bank charges	370,838	9,589,130
Markup on short term running finance	11,401,381	-
	11,772,219	9,589,130

Zillion Capital Securities (Private) Limited
Notes to the accounts

Note	Rupees 2015	Rupees 2014
22 OTHER CHARGES		
Workers' welfare fund	176,708	-
	<u>176,708</u>	<u>-</u>
23 OTHER INCOME		
From financial assets		
Profit on deposits against KSE exposure	268,773	169,368
IPO commission	328,755	200,324
	<u>597,528</u>	<u>369,692</u>
From non-financial assets		
Gain/(Loss) on sale of vehicle	-	31,500
Other commission	396,845	-
Recoveries	2,950,266	-
	<u>3,347,111</u>	<u>31,500</u>
	<u>3,944,639</u>	<u>401,192</u>
24 TAXATION		
Current	2,067,421	1,045,735
Prior	40,269	-
	<u>2,107,690</u>	<u>1,045,735</u>
24.1	Income tax returns of the company have been finalized upto and including the tax year 2014, which are deemed to be assessment order under provisions of Income Tax Ordinance, 2001.	
25 EARNINGS PER SHARE- BASIC & DILUTED		
Net profit / (loss) after taxation	6,551,023	(93,639)
Weighted average number of shares at the end of the year	1,015,000	1,015,000
	<u>6.454</u>	<u>(0.092)</u>

* There is no dilutive effect on earnings.

26 REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE

	2015		2014	
	Directors	Chief Executive	Directors	Chief Executive
Remuneration	1,440,000	960,000	2,836,668	-
House rent	576,000	384,000	1,134,666	-
Utilities	144,000	96,000	283,666	-
	<u>2,160,000</u>	<u>1,440,000</u>	<u>4,255,000</u>	<u>-</u>
Number of person(s)	3	1	-	-

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27 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

27.1 Financial instruments by category

27.1.1 Financial assets

	2015			
	At fair value through profit or loss - held for trading	Available for sale	Loans and receivables	Total
Long term loans, advances & deposits	-	-	3,854,809	3,854,809
Short term investments	39,710,834	-	-	39,710,834
Trade debts - unsecured	-	-	236,858,289	236,858,289
Short term deposits, advances & other receivables	-	-	7,782,089	7,782,089
Cash and bank balances	-	-	15,170,149	15,170,149
	<u>39,710,834</u>	<u>-</u>	<u>263,665,336</u>	<u>303,376,169</u>

	2014			
	At fair value through profit or loss - held for trading	Available for sale	Loans and receivables	Total
Long term loans, advances & deposits	-	-	3,750,000	3,750,000
Short term investments	26,214,544	-	-	26,214,544
Trade debts - unsecured	-	-	187,195,517	187,195,517
Short term deposits, advances & other receivables	-	-	29,446,943	29,446,943
Cash and bank balances	-	-	6,640,019	6,640,019
	<u>26,214,544</u>	<u>-</u>	<u>227,032,479</u>	<u>253,247,023</u>

27.1.2 Financial liabilities

	2015		
	Amortised cost	At fair value through profit or loss	Total
Creditors, accrued expenses and other liabilities	34,619,776	-	34,619,776
	<u>34,619,776</u>	<u>-</u>	<u>34,619,776</u>

	2014		
	Amortised cost	At fair value through profit or	Total
Creditors, accrued expenses and other liabilities	33,466,139	-	33,466,139
	<u>33,466,139</u>	<u>-</u>	<u>33,466,139</u>

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28 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk
- Operational risk

28.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company is exposed to such risk mainly in respect of short-term borrowings. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's loss by Rs. 1,523,442 and a 1% decrease would result in a decrease in the Company's loss by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Equity price risk

Equity price risk is the risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. Management of the Company estimates that a 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Company's profit by Rs. 3,971,083 and a 10% decrease would result in a decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

28.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

2015					
Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
----- (Rupees) -----					
Financial liabilities					
Creditors, accrued expenses and other liabilities	34,619,776	34,619,776	34,619,776	-	-
	<u>34,619,776</u>	<u>34,619,776</u>	<u>34,619,776</u>	<u>-</u>	<u>-</u>

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2014

Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
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----- (Rupees) -----

Financial liabilities

Creditors, accrued expenses & other liabilities

	33,466,139	33,466,139	33,466,139	-	-
	33,466,139	33,466,139	33,466,139	-	-

28.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties, in case of placements or other arrangements to fulfill their obligations.

Exposure to credit risk

Credit risk of the Company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimised due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery. The Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is follows:

	Rupees 2015	Rupees 2014
Long term loans, advances & deposits	3,854,809	3,750,000
Short term investments	39,710,834	26,214,544
Trade debts - unsecured	236,858,289	187,195,517
Short term deposits, advances & other receivables	7,782,089	29,446,943
Cash and bank balances	15,170,149	6,640,019
	303,376,169	253,247,023

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28.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for Investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas.

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

28.5 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).