

ASSURANCE DEPARTMENT

BMA CAPITAL MANAGEMENT LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

## INDEPENDENT AUDITOR'S REPORT

To the members of BMA Capital Management Limited

Report on the audit of the financial statements

RSM Avas Hyder Liaquat Nauman  
Chartered Accountants

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### Opinion

We have audited the annexed unconsolidated financial statements of BMA Capital Management Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2020, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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, 2020 and of the profit, other 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 (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

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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.

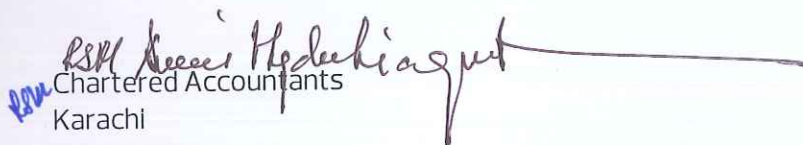
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### 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, the 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.

  
RSM Chartered Accountants  
Karachi

Dated: 29 OCT 2020



**BMA CAPITAL MANAGEMENT LIMITED**  
**UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

	June 30, 2020	June 30, 2019
Note	-----Rupees-----	
	100,000,000	100,000,000
5	66,000,000	66,000,000
	370,760,000	370,760,000
	54,500,000	54,500,000
	151,897,976	87,544,335
	643,157,976	578,804,335
6	23,915,637	22,831,481
8	299,000,000	200,000,000
	322,915,637	222,831,481
6	20,054,796	14,790,075
9	565,821,822	509,982,432
	716,969,906	357,463,010
10	47,641,508	37,347,648
11	42,660,265	-
	1,393,148,297	919,583,165
12		
	2,359,221,910	1,721,218,981
13	40,149,443	41,628,081
13.3	56,494,185	52,247,781
14	3,226,792	2,228,909
15	153,000,000	153,000,000
	2,500,000	2,500,000
16	11,696,853	13,106,753
17	60,000,000	50,000,000
7	3,592,715	-
	330,659,988	314,711,524
18	150,462,118	109,516,087
19	1,355,449	2,003,918
20	522,134,350	404,498,089
21	8,187,414	6,611,299
22	2,988,477	7,136,672
23	100,394,028	116,652,324
24	195,465,340	184,205,414
25	1,047,574,746	575,883,654
	2,028,561,922	1,406,507,457
	2,359,221,910	1,721,218,981

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.


  
Chief Executive


  
Director

BMA CAPITAL MANAGEMENT LIMITED  
UNCONSOLIDATED PROFIT OR LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020 -----Rupees-----	June 30, 2019
Operating revenue	26	508,253,379	358,146,788
(Loss) / gain from quoted securities	27	(17,248,001)	(2,351,214)
Income from clients on margin finance		13,101,061	9,181,381
Unrealized loss on remeasurement of investments carried at fair value through profit or loss	23.4	(2,228,928)	(7,229,207)
		501,877,511	357,747,749
Administration and distribution expenses	28	(440,638,151)	(418,370,269)
Operating profit / (loss)		61,239,360	(60,622,520)
Other operating charges		(1,735,805)	(147,920)
Financial charges	30	(97,994,186)	(48,277,861)
		(99,729,991)	(48,425,781)
		(38,490,631)	(109,048,301)
Other income	31	123,545,056	63,002,828
Profit / (loss) before tax		85,054,425	(46,045,474)
Taxation	32	(20,700,784)	(15,751,657)
Profit / (loss) after tax		64,353,641	(61,797,131)
Profit / (loss) per share - basic and diluted	33	9.75	(9.36)

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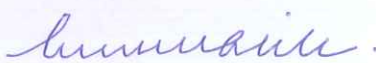
  
Chief Executive


  
Director

**BMA CAPITAL MANAGEMENT LIMITED**  
**UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	June 30, 2020	June 30, 2019
	-----Rupees-----	
Profit/(Loss) after tax	64,353,641	(61,797,131)
Other comprehensive income		
Fair value adjustment - available for sale investment	-	-
Total comprehensive Profit/ (loss)	<u>64,353,641</u>	<u>(61,797,131)</u>

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

  
 Chief Executive

  
 Director



MA CAPITAL MANAGEMENT LIMITED  
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid-up capital	Reserves				Total reserves	Total
		Capital reserve	General Reserve	Revenue reserve			
				Fair value adjustment	Unappropriated profit		
Balance as on July 01 2018	66,000,000	370,760,000	54,500,000	19,027,607	149,341,466	593,629,073	659,629,073
Loss after tax	-	-	-	-	(61,797,131)	(61,797,131)	(61,797,131)
Other comprehensive income/ (loss)	-	-	-	(19,027,607)	-	-	(19,027,607)
Balance as at June 30, 2019	66,000,000	370,760,000	54,500,000	-	87,544,335	531,831,942	578,804,335
Profit after tax	-	-	-	-	64,353,641	64,353,641	64,353,641
Balance as at June 30, 2020	66,000,000	370,760,000	54,500,000	-	151,897,976	596,185,583	643,157,976

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

  
Chief Executive

  
Director



**BMA CAPITAL MANAGEMENT LIMITED**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

June 30, 2020                      June 30, 2019  
-----Rupees-----

**CASH FLOW FROM OPERATING ACTIVITIES**

Loss before tax	85,054,425	(46,045,474)
Adjustment for non-cash and other items:		
Depreciation	29,934,561	22,600,097
Amortization	282,322	286,952
Provision for doubtful debts	-	1,192,116
Provision for doubtful advances	-	550,581
Unrealized loss on remeasurement of investments carried at fair value through profit or loss	2,228,928	7,229,207
Gain on disposal of property and equipment	(4,569,380)	(9,071,646)
Capital loss on securities-net	17,248,001	3,159,800
Dividend income	(663,500)	(808,586)
Financial charges	97,994,186	48,277,861
	<u>227,509,544</u>	<u>27,370,909</u>
Movement in:		
Receivable from customers	(40,946,031)	77,603,001
Advances	(648,469)	(275,634)
Deposit and Prepayments	(117,636,261)	(155,407,347)
Receivable from related party	(1,576,115)	(5,637,467)
Other receivables	3,949,666	(3,279,876)
	<u>(156,857,210)</u>	<u>(86,997,323)</u>
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	415,618,845	(217,478,131)
Financial charges paid	(101,152,011)	(47,290,846)
Taxes paid	(35,553,425)	(56,159,862)
Net cash (used in) / generated from operating activities	<u>349,565,743</u>	<u>(380,555,253)</u>

**CASH FLOW FROM INVESTING ACTIVITIES**

Capital expenditure made	(7,136,599)	(7,880,842)
Proceeds from disposal of investment	252,641	60,719,628
Long term deposits reimbursed	1,409,900	2,500,050
Proceeds from disposal of property and equipment	8,059,753	43,407,625
Purchase of intangible assets	(486,000)	(518,545)
Dividend received	862,029	610,057
Net cash generated from investing activities	<u>2,961,724</u>	<u>98,837,973</u>

**CASH FLOW FROM FINANCING ACTIVITIES**

Lease rentals paid	(25,675,764)	(39,843,385)
Long term loan received	99,000,000	150,000,000
Repayment of loan	-	(50,000,000)
Loan to subsidiary	(10,000,000)	-
Net cash generated from / (used in) financing activities	<u>63,324,236</u>	<u>60,156,615</u>
Net decrease in cash and cash equivalents	415,851,703	(221,560,665)
Cash and cash equivalents at beginning of the year	65,901,222	287,461,886
Cash and cash equivalents at end of the year	<u>25.3      481,752,924</u>	<u>65,901,222</u>

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

  
Chief Executive

  
Director