

Lahore Stock Exchange (Guarantee) Limited

Financial Statements for the year ended
30 June 2012



KPMG Taseer Hadi & Co.
Chartered Accountants
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Auditors' Report to the Members

We have audited the annexed balance sheet of **Lahore Stock Exchange (Guarantee) Limited ("the Company")** as at 30 June 2012 and the related income and expenditure account, statement of comprehensive income, statement of changes in funds and reserves, and cash flow statement 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 income and expenditure 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 except for the change as stated in note 5.1 to the financial statements with which we concur;
 - 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;


M. Taseer Hadi

- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, statement of comprehensive income, statement of changes in funds and reserves and cash flow statement together with the notes forming part thereof confirm 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 30 June 2012 and of the income, its changes in funds and reserves and its cash flows for the year then ended; and
- d) in our opinion no Zakat was deductible at source by the Company under section 7 of the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw attention to the following matters:

- i) Note 24 to the financial statements states that, due to pending court cases, recoverability of Rs. 181.531 million due from the defaulted / suspended members depends upon favourable judgements by the respective courts.
- ii) As explained in notes 13.2 and 14.3 to the financial statements, the amounts pertaining to the Company's Members' Contribution Fund (MCF) and Investors Protection Fund (IPF) are included in the Company's balance sheet. The same is contrary to the Company's regulatory framework and the Securities and Exchange Commission of Pakistan's explicit directives to the Company that separate trusts be established for the MCF and IPF and the amounts being carried in the balance sheet in respect of MCF and IPF should be transferred to such trusts so that the same remain fully funded.
- iii) As explained in note 42.1 to the financial statements, certain amendments have been incorporated in the financial statements for the year ended 30 June 2012, subsequent to their issue, upon which we issued our audit opinion dated 08 November 2012. Those amendments relate to changes in nomenclature and earmarking of the Company's Members' Contribution Fund.

Our opinion is not qualified in respect of these matters.



Lahore

Date: 14 December 2012

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

Lahore Stock Exchange (Guarantee) Limited

Balance Sheet
As at 30 June 2012

	Note	2012 (-----Rupees in thousand-----)	2011 Restated	2010 Restated
Funds, reserves and liabilities				
Members initial contribution		116,102	116,102	116,102
Fair value reserve	6	1,499	580	127
Capital reserve	6	1,342	1,342	1,342
Accumulated income	6	875,460	763,007	656,640
		994,403	881,031	774,211
Surplus on revaluation of fixed assets	7	420,681	456,224	459,003
Non-current liabilities				
Liabilities against asset subject to finance lease	8	268	720	-
Long term deposits	9	84,810	87,779	112,601
Deferred liabilities	10	39,391	61,933	57,808
		124,469	150,432	170,409
Current liabilities				
Trade and other payables	11	184,464	169,823	228,516
Current portion of long term liabilities	12	14,747	34,836	35,192
Members' contribution fund	13	495,179	454,123	461,341
Investors' protection fund	14	242,689	222,397	205,588
		937,079	881,179	930,637
Contingencies and commitments				
	15			
		2,476,632	2,368,866	2,334,260
Assets				
Non-current assets				
Fixed assets	16	478,900	594,544	609,052
Long term investments	17	342,231	299,934	290,482
Long term loans	18	2,266	3,175	1,550
Long term deposits	19	2,105	2,096	2,087
Deferred taxation	20	53,483	-	-
		878,985	899,749	903,171
Current assets				
Stores	21	1,382	1,458	606
Trade debts	22	29,081	71,265	369
Loans and advances	22	207,040	203,061	198,559
Short term prepayments	23	3,519	2,084	2,428
Interest accrued	23	23,970	1,501	11,726
Other receivables	24	1,551	3,240	4,713
Short term investments	25	1,160,056	1,062,533	1,045,710
Tax refunds due from government	26	71,920	65,047	58,371
Cash and bank balances	27	99,128	58,928	108,607
		1,597,647	1,469,117	1,431,089
		2,476,632	2,368,866	2,334,260


The annexed notes 1 to 44 form an integral part of these financial statements.

MANMD RA


Managing Director

Lahore:


Director


Director


Lahore Stock Exchange (Guarantee) Limited
 Income and Expenditure Account
 For the year ended 30 June 2012

	Note	2012 (Rupees in thousand)	2011
Revenue			
Fee income	28	88,654	146,602
Rental income - net	29	9,367	9,314
Profit on bank deposits and investments	30	60,014	53,513
Software revenues	31	5,808	6,161
Other operating income	32	40,293	20,697
		<u>204,136</u>	<u>236,287</u>
Administrative expenses	33	(126,208)	(129,757)
Other charges	34	(58,737)	(18,783)
Operating income		<u>19,191</u>	<u>87,747</u>
Finance cost	35	(1,097)	(339)
Share of after tax profit of associated companies - net of tax		30,456	22,436
Income before taxation		<u>48,550</u>	<u>109,844</u>
Taxation	36	61,923	(6,256)
Income for the year - after taxation		<u><u>110,473</u></u>	<u><u>103,588</u></u>

The annexed notes 1 to 44 form an integral part of these financial statements.

11/07/2012

Lahore


 Managing Director


 Director


 Director

Lahore Stock Exchange (Guarantee) Limited
 Statement of Comprehensive Income
 For the year ended 30 June 2012

	2012	2011
	(Rupees in thousand)	
Income for the year	110,473	103,588
Other comprehensive income for the year		
Share of the comprehensive income of associated companies in respect of gain on revaluation of 'available for sale' investments	919	453
Total comprehensive income for the year	<u>111,392</u>	<u>104,041</u>

Surplus / (deficit) arising on revaluation of certain classes of property and equipment has been reported in accordance with the requirements of the Companies Ordinance, 1984, as a separate line item below equity.

The annexed notes 1 to 44 form an integral part of these financial statements.

WMS/11

Lahore:



 Managing Director



 Director



 Director

Lahore Stock Exchange (Guarantee) Limited

Statement of changes in funds and reserves

For the year ended 30 June 2012

	Members initial contribution	Capital reserve		Revenue reserves	
		Capital reserve	Fair value reserve	Accumulated income	Total
<i>Note</i> ----- Rupees in thousand -----					
Balance at 01 July 2010	116,102	1,342	127	646,917	764,488
Impact of restatement	41	-	-	9,723	9,723
Restated balance at 01 July 2010	116,102	1,342	127	656,640	774,211
Total comprehensive income for the year					
Income for the year	-	-	-	103,588	103,588
Total other comprehensive income for the year	-	-	453	-	453
Total comprehensive income for the year	-	-	453	103,588	104,041
Incremental depreciation charged during the year	-	-	-	2,779	2,779
Restated balance at 30 June 2011	116,102	1,342	580	763,007	881,031
Total comprehensive income for the year					
Profit for the year	-	-	-	110,473	110,473
Total other comprehensive income for the year	-	-	919	-	919
Total comprehensive income for the year	-	-	919	110,473	111,392
Incremental depreciation charged during the year	-	-	-	1,980	1,980
Balance at 30 June 2012	116,102	1,342	1,499	875,460	994,403

The annexed notes 1 to 44 form an integral part of these financial statements.

2012/12/1

Lahore



 Managing Director



 Director



 Director

