

**BACKERS AND PARTNERS (PVT.) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Independent Auditor's Report To The Members Of  
Backers & Partners (Pvt.) Limited**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of **Backers & Partners (Pvt.) Limited** (the Company), which comprise the statement of financial position as at June 30, 2019, the statement of profit or loss, the statement of other 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, the statement of profit or loss, the statement other comprehensive income, the statement of changes in equity and 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, 2019 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.

**Emphasis of Matter**

The Company has not complied with the requirements of section 218 of the Companies Act, 2017 regarding the formation of employees' provident fund (the Fund), opening of special bank account for the Fund and the investments to be made out of the Fund. Refer contents of note 18.2.

**Information Other than the Financial Statements and Auditors' Report thereon**

Management is responsible for the other information presented along with the financial statements and the auditors' report thereon. With respect to the Company the other information comprises only the Director's Report on the operations of the Company.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **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 is responsible for overseeing the Company's financial reporting process.

#### **Auditors' 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 auditors' 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 auditors' 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 upto the date of our auditors' 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 other 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;
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and
- e) the Company was in compliance with requirement of section 78 of the Securities Act, 2015, and the relevant requirements of the Securities Brokers (Licencing and Operations) Regulations, 2016 as on the date of statement of financial position.

The Engagement partner on the audit resulting in this independent auditors' report is Mr. Osman Hameed Chaudhri.

*S.H.C.* **ShineWing Hameed Chaudhri & Co.**  
**SHINEWING HAMEED CHAUDHRI & CO.,**  
CHARTERED ACCOUNTANTS

LAHORE; 12 SEP 2019





## Backers & Partners

Private Limited

formerly A.N. Equities (Pvt.) Ltd.

Securities Broker

Pakistan Stock Exchange Ltd.

Registered Office:

97 A / D - 1, Basement PEC Building

Liberty Market, Gulberg III, Lahore.

P: 042-35784242-3

W: [www.backersandpartners.com](http://www.backersandpartners.com)

E: [info@backersandpartners.com](mailto:info@backersandpartners.com)

### DIRECTORS' REPORT

The Board of Directors of Backers & Partners (Pvt.) Ltd. are pleased to present the Annual Report of 2019 along with the audited financial statements of the Company for the year ended June 30, 2019. The Backers & Partners (Pvt.) Ltd. is a leading brokerage house of Pakistan that provides a complete range of stock brokerage to a substantial number of clients that includes retail clients and high net worth individuals.

### CAPITALMARKET

Pakistan equity market concluded FY19 on a negative note and delivered -19% return as compared to 23% in FY18. The benchmark index plunged to a level of 33,901 during FY19. The benchmark index KSE100 saw high point early in July 2018 at 43,636 points, and since then gradually came down due to a host of factors. The downturn in the market was witnessed on the back of i) Macroeconomic concerns (weak external account, depreciation of the currency, rising inflationary pressure leading to rise in interest rates severely hampering growth momentum), ii) Uncertainty over the IMF program followed by stringent conditions of the program such as ambitious revenue targets, iii) Rising tensions with India, iv) Dismal corporate results, and (v) rise in SBP policy rate from 6.5% at the start of fiscal to 12.25% till the end.

### COMPANY'S PERFORMANCE

Your Company reported a profit of Rs 986,414 in FY19 vs. loss of Rs. 6,439,139 for the last year. The Revenue of your Company declined by 17% YoY at Rs 25.75 million during FY19 versus that of Rs 30.85 million in last year. The Earning per share stood at Rs. 0.19 versus loss per share of Rs. 1.26 of the last year.

### FUTURE OUTLOOK

The future prospects of your Company are thoroughly promising on account of the Management's efforts towards increasing the Company's market share and through wider participation in all its business segments. The Company is striving to yield better volumes from its existing clientele as well as prospective clients, by expanding and growing relationships with them through the Company's services. The Management is confident that the Company will continue to demonstrate lucrative results, as the economy and the market continues to offer rewarding investment opportunities. Your company remains committed to maximize the shareholder's wealth while keeping in view the interest of all stakeholders. As previously, your Company would try its best to cope with the challenges head on while remaining focused on improving service quality and expanding clientele.

### ACKNOWLEDGMENT

The Board of Directors wish to place on record their thanks and appreciation to all the shareholders for their continued support. The Board also wishes to place on record its appreciation for the guidance and support extended by the Securities and Exchange Commission of Pakistan (SECP) as well the Pakistan Stock Exchange Limited. Finally, the Board would like to record its appreciation to all the staff members for their hard work.

For and on behalf of the Board of Director

Lahore

Dated: 04 October 2019

Director

Chief Executive Officer

**BACKERS & PARTNERS (PVT.) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
<b>Assets</b>			
<b>Non-current Assets</b>			
Operating fixed assets	6	3,051,072	3,658,654
Trading Right Entitlement Certificate	7	4,100,000	4,100,000
Long term investment	8	7,663,293	6,103,628
Security deposits		1,650,000	1,650,000
		<u>16,464,365</u>	<u>15,512,282</u>
<b>Current Assets</b>			
Loan to a director	9	2,600,000	5,500,000
Deposits against exposure	10	12,989,498	30,864,498
Trade debts	11	64,308,982	91,061,715
Accrued interest		792,478	278,313
Short term investment	12	119,200	71,220
Loans and advances		1,403,585	2,383,904
Taxation - net	13	7,004,446	4,738,474
Cash and bank balances	14	24,798,981	12,352,861
		<u>114,017,170</u>	<u>147,250,985</u>
<b>Total Assets</b>		<u>130,481,535</u>	<u>162,763,267</u>
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
Authorised capital			
10,000,000 ordinary shares of Rs.10 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up capital			
5,100,000 ordinary shares of Rs.10 each		51,000,000	51,000,000
Unrealised gain on remeasurement of investment at fair value through other comprehensive income		3,747,249	2,187,584
Accumulated loss		(2,784,307)	(3,770,721)
		<u>51,962,942</u>	<u>49,416,863</u>
<b>Non-current Liabilities</b>			
Sub-ordinated loan	15	30,000,000	30,000,000
Long term financing	16	13,333,332	26,666,666
<b>Current Liabilities</b>		<u>43,333,332</u>	<u>56,666,666</u>
Due to Chief Executive	17	-	30,000,000
Trade and other payables	18	21,034,174	12,537,626
Current portion of long term financing	16	13,333,334	13,333,334
Accrued mark-up		817,753	808,778
		<u>35,185,261</u>	<u>56,679,738</u>
<b>Contingencies and commitments</b>	19		
<b>Total Equity and Liabilities</b>		<u>130,481,535</u>	<u>162,763,267</u>

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

*Ahmed R. Khan*  
Chief Executive Officer

SHC

*Aamir Baig*  
Director



**BACKERS & PARTNERS (PVT.) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
Revenue	20	25,747,851	30,851,131
Administrative and operating expenses			
Salaries and other benefits		15,734,388	19,708,355
Commission		12,894,272	16,162,753
Travelling & conveyance		26,616	1,193,167
Printing & stationery		138,175	175,839
CDC documentation charges		1,042,476	414,289
Fee and subscription		102,075	797,393
Repair and maintenance		212,600	300,678
Legal and professional charges		76,360	383,720
Depreciation	6	675,297	775,328
Auditors' remuneration :			
- statutory audit fee		168,000	152,250
- certification charges		52,815	115,875
Business promotion and development		-	288,500
Rent, rates and taxes		2,439,510	2,643,872
Utilities		2,524,385	1,260,565
Telephone and bandwidth charges		1,351,617	1,333,379
Entertainment		380,605	742,955
Miscellaneous expenses		476,433	250,878
		38,295,624	46,699,796
Gain on sale of short term investments - net		-	1,469,593
Unrealised loss on re-measurement of investment at fair value	12	70,105	5,760
Finance cost	21	3,419,507	3,167,627
Other income	22	17,133,462	13,972,303
Profit / (loss) before taxation		1,096,077	(3,580,156)
Taxation	23	109,663	2,858,983
Profit / (loss) after taxation		986,414	(6,439,139)

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

  
Chief Executive Officer

SHC

  
Director

**BACKERS & PARTNERS (PVT.) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
Profit / (loss) after taxation		986,414	(6,439,139)
Other Comprehensive Income			
Items that will not be reclassified to statement of profit or loss			
Unrealised gain on remeasurement of investment at fair value through other comprehensive income	8	1,559,665	148,540
<b>Total comprehensive income / (loss) for the year</b>		<b>2,546,079</b>	<b>(6,290,599)</b>

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

*ahmed n/cde*

Chief Executive Officer

SHC

*Amin Baig*  
Director



**BACKERS & PARTNERS (PVT.) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	2019 Rupees	2018 Rupees
<b>Cash flows from operating activities</b>		
Profit / (loss) before taxation	1,096,077	(3,580,156)
Adjustment for depreciation	675,297	775,328
Unrealised loss on re-measurement of investments at fair value through statement of profit or loss	70,105	5,760
Finance cost	3,388,902	2,881,074
Interest income	(693,151)	(636,712)
Dividend income	(168,887)	(679,306)
<b>Profit / (loss) before working capital changes</b>	<b>4,368,343</b>	<b>(1,234,012)</b>
<b>Effect on cash flows due to working capital changes</b>		
Decrease / (increase) in current assets		
Loan to a director	2,900,000	(5,500,000)
Trade debts	26,752,733	4,833,535
Loans and advances	980,319	(291,201)
(Decrease) / increase in current liabilities		
Due to Chief Executive	(30,000,000)	30,000,000
Trade and other payables	8,496,548	(12,343,416)
Current portion of long term financing	-	13,333,334
<b>Cash generated from operating activities</b>	<b>13,497,943</b>	<b>28,798,240</b>
Income tax paid	(2,375,635)	(3,663,863)
<b>Net cash generated from operating activities</b>	<b>11,122,308</b>	<b>25,134,377</b>
<b>Cash flows from investing activities</b>		
Fixed capital expenditure	(67,715)	(778,842)
Short term investment	(118,085)	-
Deposits against exposure	17,875,000	2,518,000
Security deposit	-	(1,000,000)
Dividend received	168,887	679,306
Interest received	178,986	358,399
<b>Net cash generated from investing activities</b>	<b>18,037,073</b>	<b>1,776,863</b>
<b>Cash flows from financing activities</b>		
Sub-ordinated loan	-	30,000,000
Long term financing	(13,333,334)	26,666,666
Long term loan - net	-	(109,500,000)
Finance cost paid	(3,379,927)	(2,072,296)
Dividend paid	-	(6,120,000)
<b>Net cash used in financing activities</b>	<b>(16,713,261)</b>	<b>(61,025,630)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>12,446,120</b>	<b>(34,114,390)</b>
<b>Cash and cash equivalents - at beginning of the year</b>	<b>12,352,861</b>	<b>46,467,251</b>
<b>Cash and cash equivalents - at end of the year</b>	<b>24,798,981</b>	<b>12,352,861</b>

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

*[Signature]*

Chief Executive Officer

SHC

*[Signature]*

Director

**BACKERS & PARTNERS (PVT.) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Share capital	Unrealised gain on remeasurement of investments at FVTOCI	Accumulated loss	Total
	----- Rupees -----			
Balance as at July 01, 2017	51,000,000	2,039,044	8,788,418	61,827,462
Transactions with owners				
Final dividend for the year ended June 30, 2017 at rate of Rs.1.2 per share	-	-	(6,120,000)	(6,120,000)
<b>Total comprehensive loss for the year ended June 30, 2018</b>				
Loss for the year	-	-	(6,439,139)	(6,439,139)
Other comprehensive income	-	148,540	-	148,540
	-	148,540	(6,439,139)	(6,290,599)
<b>Balance as at June 30, 2018</b>	<b>51,000,000</b>	<b>2,187,584</b>	<b>(3,770,721)</b>	<b>49,416,863</b>
<b>Total comprehensive income for the year ended June 30, 2019</b>				
Profit for the year	-	-	986,414	986,414
Other comprehensive income	-	1,559,665	-	1,559,665
	-	1,559,665	986,414	2,546,079
<b>Balance as at June 30, 2019</b>	<b>51,000,000</b>	<b>3,747,249</b>	<b>(2,784,307)</b>	<b>51,962,942</b>

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

  
**Chief Executive Officer**

**SHC**

  
**Director**