

**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, 2020, 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, 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.

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 16.2.

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.

LAHORE; 07 OCT 2020

OSHC **ShineWing Hameed Chaudhri & Co.**
SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

BACKERS & PARTNERS (PVT.) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

| | Note | 2020 Rupees | 2019 Rupees |
|---|------|--------------------|--------------------|
| Assets | | | |
| Non-current Assets | | | |
| Operating fixed assets | 5 | 2,581,163 | 3,051,072 |
| Trading Right Entitlement Certificate | 6 | 4,100,000 | 4,100,000 |
| Long term investment | 7 | 7,842,216 | 7,663,293 |
| Security deposits | | 1,530,000 | 1,650,000 |
| | | <u>16,053,379</u> | <u>16,464,365</u> |
| Current Assets | | | |
| Loan to a director | 8 | 2,600,000 | 2,600,000 |
| Deposits against exposure | 9 | 19,199,498 | 12,989,498 |
| Trade debts | 10 | 131,026,582 | 64,308,982 |
| Accrued interest | | 1,313,903 | 792,478 |
| Short term investment | 11 | 136,815 | 119,200 |
| Loans and advances | | 1,752,571 | 1,403,585 |
| Taxation - net | 12 | 7,722,028 | 7,004,446 |
| Sales tax refundable | | 25,708 | - |
| Cash and bank balances | 13 | 33,720,851 | 24,798,981 |
| | | <u>197,497,956</u> | <u>114,017,170</u> |
| Total Assets | | <u>213,551,335</u> | <u>130,481,535</u> |
| Equity and Liabilities | | | |
| Share Capital and Reserves | | | |
| 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 | | 3,926,172 | 3,747,249 |
| Accumulated loss | | 1,997,273 | (2,784,307) |
| | | <u>56,923,445</u> | <u>51,962,942</u> |
| Non-current Liabilities | | | |
| Sub-ordinated loan | 14 | 99,000,000 | 30,000,000 |
| Long term financing | 15 | - | 13,333,332 |
| Current Liabilities | | <u>99,000,000</u> | <u>43,333,332</u> |
| Trade and other payables | 16 | 27,627,890 | 21,034,174 |
| Current portion of long term liabilities | 17 | 30,000,000 | 13,333,334 |
| Accrued mark-up | | - | 817,753 |
| | | <u>57,627,890</u> | <u>35,185,261</u> |
| Contingencies and commitments | 18 | | |
| Total Equity and Liabilities | | <u>213,551,335</u> | <u>130,481,535</u> |

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

Ahmed Qadeer
Chief Executive Officer



Ahmed Nadeem
Director

BACKERS & PARTNERS (PVT.) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 Rupees | 2019 Rupees |
|--|------|----------------|----------------|
| Revenue | 19 | 25,536,334 | 25,747,851 |
| Administrative and operating expenses | | | |
| Salaries and other benefits | | 18,480,470 | 15,734,388 |
| Commission | | 10,590,161 | 12,894,272 |
| Travelling & conveyance | | - | 26,616 |
| Printing & stationery | | 64,101 | 138,175 |
| CDC documentation charges | | 713,996 | 1,042,476 |
| Fee and subscription | | 95,081 | 102,075 |
| Repair and maintenance | | 277,795 | 212,600 |
| Legal and professional charges | | 252,200 | 76,360 |
| Depreciation | 5 | 563,614 | 675,297 |
| Auditors' remuneration : | | | |
| - statutory audit fee | | 130,950 | 168,000 |
| - certification charges | | 54,633 | 52,815 |
| Rent, rates and taxes | | 1,581,780 | 2,439,510 |
| Utilities | | 1,723,468 | 2,524,385 |
| Telephone and bandwidth charges | | 993,504 | 1,351,617 |
| Entertainment | | 376,555 | 380,605 |
| Miscellaneous expenses | | 138,600 | 476,433 |
| | | 36,036,911 | 38,295,624 |
| Loss on sale of short term investments - net | | 70,097 | - |
| Unrealised (gain) / loss on re-measurement of investment at fair value | 11 | (17,615) | 70,105 |
| Finance cost | 20 | 2,002,141 | 3,419,507 |
| Other income | 21 | 17,491,313 | 17,133,462 |
| Profit before taxation | | 4,936,113 | 1,096,077 |
| Taxation | 22 | 154,533 | 109,663 |
| Profit after taxation | | 4,781,580 | 986,414 |

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


Chief Executive Officer




Director

BACKERS & PARTNERS (PVT.) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 Rupees | 2019 Rupees |
|---|------|-------------------------|-------------------------|
| Profit after taxation | | 4,781,580 | 986,414 |
| 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 | 7 | 178,923 | 1,559,665 |
| Total comprehensive income for the year | | <u>4,960,503</u> | <u>2,546,079</u> |

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

Ahmed Afza

Chief Executive Officer



Ahmed Afza

Director

BACKERS & PARTNERS (PVT.) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

| | 2020 Rupees | 2019 Rupees |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Profit before taxation | 4,936,113 | 1,096,077 |
| Adjustment for depreciation | 563,614 | 675,297 |
| Unrealised (gain) / loss on re-measurement of investments at fair value through statement of profit or loss | (17,615) | 70,105 |
| Finance cost | 1,953,824 | 3,388,902 |
| Interest income | (521,425) | (693,151) |
| Dividend income | (270,072) | (168,887) |
| Profit before working capital changes | 6,644,439 | 4,368,343 |
| Effect on cash flows due to working capital changes | | |
| Decrease / (increase) in current assets | | |
| Loan to a director | - | 2,900,000 |
| Trade debts | (66,717,600) | 26,752,733 |
| Loans and advances | (348,986) | 980,319 |
| Sales tax refundable | (25,708) | |
| (Decrease) / increase in current liabilities | | |
| Due to Chief Executive | - | (30,000,000) |
| Trade and other payables | 6,593,716 | 8,496,548 |
| Current portion of long term liabilities | 16,666,666 | - |
| Cash (used in) / generated from operating activities | (37,187,473) | 13,497,943 |
| Income tax paid | (872,115) | (2,375,635) |
| Net cash (used in) / generated from operating activities | (38,059,588) | 11,122,308 |
| Cash flows from investing activities | | |
| Fixed capital expenditure | (93,705) | (67,715) |
| Short term investment | - | (118,085) |
| Deposits against exposure | (6,210,000) | 17,875,000 |
| Security deposit | 120,000 | - |
| Dividend received | 270,072 | 168,887 |
| Interest received | - | 178,986 |
| Net cash (used in) / generated from investing activities | (5,913,633) | 18,037,073 |
| Cash flows from financing activities | | |
| Sub-ordinated loan | 69,000,000 | - |
| Long term financing | (13,333,332) | (13,333,334) |
| Finance cost paid | (2,771,577) | (3,379,927) |
| Net cash generated from / (used in) financing activities | 52,895,091 | (16,713,261) |
| Net increase in cash and cash equivalents | 8,921,870 | 12,446,120 |
| Cash and cash equivalents - at beginning of the year | 24,798,981 | 12,352,861 |
| Cash and cash equivalents - at end of the year | 33,720,851 | 24,798,981 |

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


Chief Executive Officer




Director

BACKERS & PARTNERS (PVT.) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

| | Share capital | Unrealised gain on remeasurement of investments at FVTOCI | Accumulated loss | Total |
|--|--------------------|---|--------------------|-------------------|
| | ----- Rupees ----- | | | |
| Balance as at July 01, 2018 | 51,000,000 | 2,187,584 | (3,770,721) | 49,416,863 |
| Total comprehensive income for the year ended June 30, 2019 | | | | |
| 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 |
| Balance as at June 30, 2019 | 51,000,000 | 3,747,249 | (2,784,307) | 51,962,942 |
| Total comprehensive loss for the year ended June 30, 2020 | | | | |
| Profit for the year | - | - | 4,781,580 | 4,781,580 |
| Other comprehensive income | - | 178,923 | - | 178,923 |
| | - | 178,923 | 4,781,580 | 4,960,503 |
| Balance as at June 30, 2020 | 51,000,000 | 3,926,172 | 1,997,273 | 56,923,445 |

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

Ahmed A/Ch

Chief Executive Officer



Ahmed Nasser

Director