

ASSURANCE DEPARTMENT

BMA CAPITAL MANAGEMENT LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

INDEPENDENT AUDITOR'S REPORT

To the members of BMA Capital Management Limited

Report on the audit of the financial statements

Opinion

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

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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, 2021, 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, 2021 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.

THE POWER OF BEING UNDERSTOOD

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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 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.


Chartered Accountants
Karachi

Dated: 27 OCT 2021

BMA CAPITAL MANAGEMENT LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
		-----Rupees-----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
10,000,000 (June 30, 2020: 10,000,000)		100,000,000	100,000,000
Ordinary shares of Rs. 10 each			
Issued, subscribed and paid up capital			
6,600,000 (June 30, 2020: 6,600,000)	5	66,000,000	66,000,000
Ordinary shares of Rs. 10 each			
Share premium		370,760,000	370,760,000
General reserve		54,500,000	54,500,000
Unappropriated profit		283,934,991	151,897,976
Total shareholder's equity		775,194,991	643,157,976
LIABILITIES			
Non-current liabilities			
Liabilities against assets subject to finance lease	6	10,404,790	23,915,637
Deferred Taxation - Net	7	3,699,878	
Long term loan - Secured	8	349,500,000	299,000,000
		363,604,668	322,915,637
Current liabilities			
Current portion of liabilities against assets subject to finance lease	6	14,347,394	
Short term running finance under mark up arrangement - secured	9	846,863,514	565,821,822
Creditors against trading of shares and commodities		1,394,846,853	716,969,906
Creditors, accrued and other liabilities	10	277,280,963	47,641,508
Bank overdraft	11	100,563,604	42,660,265
		2,635,922,325	1,393,148,297
Contingencies and commitments	12		
Total Equity and Liabilities		3,774,721,984	2,359,221,910
ASSETS			
Non current assets			
Property and equipment	13	49,610,342	40,149,443
Right of use assets	13.3	39,005,382	56,494,185
Intangible assets	14	3,867,218	3,226,792
Long term investments	15	153,000,000	153,000,000
Advances against property - unsecured (considered good)		2,500,000	2,500,000
Long term deposits	16	8,405,653	11,696,853
Loan to subsidiary	17	60,000,000	50,000,000
Deferred Taxation - Net	7		3,592,715
		316,388,595	330,659,988
Current Assets			
Receivables from customers	18	378,277,394	425,547,394
Advances - unsecured	19	468,409	1,355,444
Deposits and prepayments	20	1,112,340,623	522,134,350
Receivables from a related party	21	16,660,279	8,187,414
Other receivables	22	11,107,260	2,938,477
Short term investments - FVTPL	23	226,481,557	100,394,028
Taxation - net	24	138,622,382	195,455,540
Bank balances	25	1,574,373,548	1,647,574,746
		3,458,333,389	2,928,561,922
Total Assets		3,774,721,984	2,359,221,910

The annexed notes from 1 to 47 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, 2021

	Note	June 30, 2021	June 30, 2020
		Rupees	
Operating revenue	26	950,186,511	508,253,379
Gain/ (Loss) from quoted securities	27	118,721,527	(17,248,001)
Income from clients on margin finance		16,201,801	13,101,061
Unrealized gain/ (loss) on remeasurement of investments carried at fair value through profit or loss	23.4	7,152,836 1,092,262,675	(2,228,928) 501,877,512
Administration and distribution expenses	28	(756,394,392)	(440,638,151)
Operating profit		335,868,283	61,239,361
Other operating charges	29	(7,235,370)	(1,735,805)
Financial charges	30	(84,364,792) (91,600,163) 244,268,120	(97,994,186) (99,729,991) (38,490,630)
Other income	31	118,591,315	123,545,050
Profit before tax		362,859,435	65,054,425
Taxation	32	(100,822,420)	(20,700,784)
Profit after tax		262,037,015	64,353,641
Earnings per share - basic and diluted	33	39.70	9.75

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.


Chief Executive


Director

BMA CAPITAL MANAGEMENT LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	Rupees	
Profit after tax	262,037,015	64,353,641
Other comprehensive income		
Fair value adjustment - available for sales investment		
Total comprehensive income	262,037,015	64,353,641

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements


Chief Executive


Director

BMA CAPITAL MANAGEMENT LIMITED
 UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid-up capital	Reserves				Total reserves	Total
		Capital reserve	Revenue reserve		Unappropriated profit		
		Share premium	General Reserve				
		(Rupees)					
Balance as on July 01 2019	66,000,000	370,760,000	54,500,000	87,544,335	512,804,335	578,804,335	
Profit after tax	-	-	-	64,353,641	64,353,641	64,353,641	
Other comprehensive income	-	-	-	-	-	-	
Balance as at June 30, 2020	66,000,000	370,760,000	54,500,000	151,897,976	577,157,976	643,157,976	
Profit after tax	-	-	-	262,037,015	262,037,015	262,037,015	
Dividend payout	-	-	-	(130,000,000)	(130,000,000)	(130,000,000)	
Balance as at June 30, 2021	66,000,000	370,760,000	54,500,000	283,934,991	709,194,991	775,194,991	

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements

Humaira
 Chief Executive

Haal Faleh
 Director

BMA CAPITAL MANAGEMENT LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	362,859,435	85,054,425
Adjustment for non-cash and other items:		
Depreciation	26,759,080	29,934,561
Amortization	268,614	282,322
(Reversal) / provision for doubtful debts	(1,090,914)	-
Provision for doubtful advances	(550,581)	-
Unrealized (gain)/loss on remeasurement of investments carried at fair value through profit or loss	(1,091,651)	(1,091,651)
Gain on disposal of property and equipment	(118,721,527)	17,248,001
Capital (gain)/loss on securities-net	(7,166,711)	(663,500)
Dividend income	84,364,792	97,994,186
Financial charges	328,487,721	227,509,544
Movement in Current Assets:		
Receivable from customers	(226,726,299)	(40,946,031)
Advances	(1,437,621)	(548,465)
Deposit and Prepayments	(590,206,273)	(117,636,261)
Receivable from related party	(8,472,865)	(1,576,115)
Other receivables	(2,592,103)	3,949,666
	(829,435,161)	(156,857,210)
Movement in Current Liabilities		
Creditors, accrued and other liabilities	1,109,240,913	415,616,845
Financial charges paid	(76,350,730)	(101,152,011)
Taxes paid	(36,686,869)	(35,553,425)
Net cash generated from operating activities	495,255,874	349,565,743
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure made	(18,169,222)	(7,136,599)
Proceeds from disposal of investment	(213,166)	252,641
Long term deposits reimbursed	3,291,200	1,409,600
Proceeds from disposal of property and equipment	(678,040)	(486,840)
Purchase of intangible assets	1,640,031	862,029
Dividend received	3,623,303	2,961,724
Net cash generated from investing activities	3,623,303	2,961,724
CASH FLOW FROM FINANCING ACTIVITIES		
Lease rentals paid	(25,522,068)	(25,675,794)
Long term loan received	50,000,000	99,000,000
Repayment of long term loan	(150,000,000)	-
Dividend paid	(130,000,000)	(10,000,000)
Loan to subsidiary	-	-
Net cash generated from financing activities	(255,022,068)	63,324,236
Net increase in cash and cash equivalents	243,757,109	415,851,703
Cash and cash equivalents at beginning of the year	481,752,924	65,901,222
Cash and cash equivalents at end of the year	725,510,033	481,752,924

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.


Chief Executive


Director