



Spectrum Securities Limited
Financial Statements
For the year ended June 30, 2018



SPECTRUM SECURITIES LIMITED

FINANCIAL STATEMENTS

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Directors Report

On behalf of the Board of Directors of the company, it gives me immense pleasure to present the Annual Report of the company for the year ended June 30th, 2018, together with the audited financial statement for the year in accordance with the accurate, regulatory and legal standard and requirement.

Economic Review:

The year 2017-18 was a tough and significant economic year for Pakistan, as it was the election year, the economy of Pakistan was badly hit by the ongoing political turmoil, firstly Panama cases, then an ongoing trial of EX Prime minister Nawaz Sharif by the court, which resulted in his disqualification as PM.

Due to the continuous political crises and inconsistency of government, the economic front was badly hurt.

Upward trend in Inflation, devaluation of the Pak rupee, current account deficit, trade deficit and above all depleting trade reserves pushed the economy in a deep trouble.

However new government took charge and it's too early to comment on the performance of newly born government. There are lots of uncertainties and immediate cash flows required for the repayments of the foreign debts which are due from the end of this year and a major portion in FY19. Government needs to address current account deficit and trade deficit and to generate revenues.

Mini-budget was announced by the new government moreover Gas rates has been increased. In upcoming monetary policy like in the interest rate is likely. Pressure on Pak Rupee is also building up and there are chances another devaluation.

Government is considering various options like; Saudi funds, IDB Loan, IMF Loan and China support for increasing its reserves and repayments of debts.

Capital Market Review:

PSX loss 4,654 points in 2017-18 (46,565 – 41,911) approx 10% down.

Turnover of PSX was also reduced by almost 50%.

A major reason for the poor performance of the capital market were; a political uncertainty, weak economic fundamentals, FATF issue and continuous foreign selling.

Financial Performance:

The company's performance was poor due to the falling volumes in the market, which shed drastically by 50%. Moreover, last year the company had a capital gain due to the sale of PSX shares.

Company commission revenues fall by 32 % in financial term, whereas, the company's revenue share of the market has gone up.

Expenses of the company were enhanced by 26%. Major increase in salary expenses (hiring of new sales team) another factor which badly hit the financial is PTR. The last factor of poor performance was of capital loss on PSX shares (mark to mark losses).

Operational Results:

Rupees

Operating Revenue	25,589,615
Operating Expenses	(36,121,642)
Operating Profit	(10,532,027)
Other Charges	--
Other Income	<u>6,377,905</u>
Profit before Tax	(4,154,122)
Tax	<u>(5,485,936)</u>
Profit after Tax	<u>(9,640,057)</u>

Earnings/(Loss) Per Share

Earnings per share for the year ended 30th June 2018 was Rs. **(10.71)**

Future Prospects:

At present, the capital market is witnessing the worst phase of its low volumes unless and until the government takes major steps to boost the economy and arrange the finance for repayments scenario will not change, rather it may get worse. We are hopeful that the government will overcome the crises by the year-end and things get better INSHALLAH.

Auditors:

The auditors of the company Nasir Javid Maqsood Imran – Chartered Accountant have retired, being eligible to offer their services for the ensuing year.

Karachi:
Dated: **26 SEP 2018**

On behalf of the board



Chief Executive



NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of Spectrum Securities Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Spectrum Securities Limited (the Company)**, which comprise the statement of financial position as at **June 30, 2018** and the statement of profit or loss and 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 (the financial statements), and we state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose 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, statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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, 2018** and of the profit or loss and other comprehensive income or loss, 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.

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