H.P. Byramji & Co. (Private) Limited
Notes to the Accounts

	Notes	Rupees 2017	Rupees 2016
16 ADMINISTRATIVE AND OPERATING EXPENSES			
Directors' remuneration	22	4,800,000	4,800,000
Salaries and other benefits		5,127,854	4,971,553
Service & transaction charges		1,344,167	593,577
Printing and stationery		91,364	123,058
Legal and professional charges		548,316	686,100
Travelling & conveyance		105,589	111,850
Telephone and communication charges		286,089	265,123
I.T expenses		524,544	431,001
Audit fee		125,000	125,000
Entertainment		237,400	240,753
Utility charges		462,126	300,261
Vehicle running expenses		565,561	423,915
Rent, rates and taxes		685,280	690,114
Postage and courier		161,318	121,106
Repair and maintenance		741,400	128,680
Depreciation		1,096,772	240,733
Commission expense		18,639,849	12,007,714
Insurance		271,581	67,549
Other expenses		1,074,015	373,329
		36,888,225	**26,701,415**
17 FINANCE COSTS			
Bank charges		46,765	41,765
		46,765	**41,765**
18 OTHER CHARGES			
Impairment loss		2,500,000	10,000,000
Workers' Welfare Fund		-	264,253
		2,500,000	**10,264,253**
19 OTHER INCOME			
From financial assets			
Profit on exposure deposit		353,831	432,736
Profit on savings accounts		9,676,184	5,187,458
		10,030,015	**5,620,194**
From non financial assets			
Reversal of Workers' welfare fund		264,253	-
		264,253	-
		10,294,268	**5,620,194**

	Notes	Rupees 2017	Rupees 2016
20 TAXATION			
Current		8,247,998	4,228,057
		8,247,998	**4,228,057**
20.1 Relationship between income tax expense and accounting profit			
Profit before taxation		**24,374,434**	**2,945,709**
Tax at the applicable tax rate of 31% (2016 : 32%)		7,556,074	942,627
Tax effect of non deductible expenses		818,324	3,284,561
Tax effect of income at lower rates		(44,482)	-
Tax effect of exempt income		(81,918)	-
Others		-	869
		8,247,998	**4,228,057**
21 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED			
21.1 Basic earnings / (loss) per share			
Profit / (loss) after taxation		16,126,436	(1,282,348)
Number of shares issued up to the end of the year		1,400,000	700,000
		11.52	**(1.83)**
21.2 Diluted earnings / (loss) per share			
Profit / (loss) after taxation		16,126,436	(1,282,348)
Weighted average number of shares issued up to the end of the year		1,122,648	700,000
		14.36	**(1.83)**

22 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	2017		2016	
	Directors	**Chief Executive**	**Directors**	**Chief Executive**
Remuneration	-	**4,800,000**	-	**4,800,000**
Number of person(s)	-	**1**	-	**1**

23 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

23.1 Financial Instruments by category

23.1.1 Financial Assets

2017

	At fair value through profit or loss - held for trading	Available for sale	Loans and receivables	Other financial assets	Total
Long term investments	-	41,163,833	-	-	41,163,833
Long term loans, advances & deposits	-	-	24,227,968	-	24,227,968
Trade debts - unsecured	-	-	83,111,483	-	83,111,483
Short term deposits, advances & other receivables	-	-	11,008,911	-	11,008,911
Cash and bank balances	-	-	-	134,569,657	134,569,657
	-	**41,163,833**	**118,348,362**	**134,569,657**	**294,081,852**

2016

	At fair value through profit or loss - held for trading	Available for sale	Loans and receivables	Other financial assets	Total
Long term investments	-	-			-
Long term loans, advances & deposits	-	-	7,197,968	-	7,197,968
Trade debts - unsecured	-	-	51,289,947	-	51,289,947
Short term deposits, advances & other receivables	-	-	10,293,900	-	10,293,900
Cash and bank balances	-	-	-	91,533,495	91,533,495
	-	-	**68,781,815**	**91,533,495**	**160,315,311**

23.1.2 Financial Liabilities

2017

	Amortised cost	At fair value through profit or	Total
Loan from director		-	-
Trade payables		91,805,949	91,805,949
Accrued expenses & other liabilities		1,547,842	1,547,842
Provision for taxation - net		202,606	202,606
	-	**93,556,397**	**93,556,397**

2016

	Amortised cost	At fair value through profit or	Total
Loan from director	-	10,000,000	**10,000,000**
Trade payables	-	57,922,461	**57,922,461**
Accrued expenses & other liabilities	-	789,076	**789,076**
Provision for taxation - net	-	-	-
	-	**68,711,537**	**68,711,537**

24 Financial Risk Management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Market Risk
- Liquidity Risk
- Credit Risk
- Operational Risk

24.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company is exposed to such risk mainly in respect of short-term borrowings. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's loss by **Nil** and a 1% decrease would result in a decrease in the Company's loss by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Equity price risk

Equity price risk is the risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. Management of the Company estimates that a 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Company's profit by **Nil** and a 10% decrease would result in a decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

24.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet comments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

	2017					
	Carrying amount	**Contractual cash flows**	**Six month or less**	**Six to twelve months**	**One to two years**	**Two to five years**
	(Rupees)					
Financial liabilities						
Loan from director	-	-		-		
Trade payables	91,805,949	91,805,949	-	91,805,949	-	-
Accrued expenses & other liabili	1,547,842	1,547,842		1,547,842		
Provision for taxation - net	202,606	202,606	-	202,606	-	-
	93,556,397	**93,556,397**	-	**93,556,397**	-	-

	2016					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	---- (Rupees) ----					
Financial liabilities						
Loan from director	10,000,000	10,000,000		10,000,000		
Trade payables	57,922,461	57,922,461		57,922,461		
Accrued expenses & other liabilit	789,076	789,076	-	789,076	-	-
Provision for taxation - net	-	-		-		
	68,711,537	**68,711,537**	-	**68,711,537**	-	-

24.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations.

Exposure to credit risk

Credit risk of the Company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimised due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery. The Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is follows:

	Rupees 2017	Rupees 2016
Long term investments	41,163,833	-
Long term loans, advances & deposits	24,227,968	7,197,968
Trade debts - unsecured	83,111,483	51,289,947
Short term deposits, advances & other receivables	11,008,911	10,293,900
Cash and bank balances	134,569,657	91,533,495
	294,081,852	**160,315,311**

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate exposure is significant in relation to the Company's total exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

24.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processess, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks suc as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for Investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas.

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

24.5 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer prices quotations.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Financial assets at fair value through profit and loss

	2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Listed securities	-	-	-	-
	-	-	-	-
Available for sale				
Investment in shares of Pakistan Stock Exchange Limited	41,163,833	-	-	41,163,833
	41,163,833	**-**	**-**	**41,163,833**

Financial assets at fair value through profit and loss

	2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Listed securities	-	-	-	-
	-	-	-	-
Available for sale				
Investment in shares of Pakistan Stock Exchange Limited	-	-	-	-
	-	-	-	-

During the year ended 30 June, 2017, investment in shares of Pakistan Stock Exchange Limited were transferred from level 3 to level 1 after it's listing.

24.6 Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

H.P. Byramji & Co. (Private) Limited
Notes to the accounts

25 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment as the Company's asset allocation decisions are based on a single and integrated business strategy.

All non current assets of the Company as at 30 June 2017 are located in Pakistan.

26 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party a exercise significant influence over other party in making financial and operating decisions.

The related parties comprise of major shareholders, associated companies with or without common directors, directors of the company and key management personnel, staff provident fund and financial institution having nominee on the Board of Directors. Purchase of 1,602,953 shares of PSX from Directors at face value of Rs. 16,029,530/-.

27 NUMBER OF EMPLOYEES

The total employees at year end excluding the contractual employees were **12** (2016: **12**) and the average number of employees during the year was **12** (2016: **12**).

28 PATTERN OF SHAREHOLDING

Number of Shares	Name of shareholders	June 30, 2017 Percentage of Holding
1,093,750	Rayomund Jal HP Byramji	78.13%
306,075	Lyla Raymound Byramji	21.86%
175	Shahveer J.H.P. Byramji	0.01%
1,400,000		**100%**

29 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on 24 OCT 2017.

30 GENERAL

30.1 Figures have been re-arranged and re-classified wherever necessary, for the purpose of better presentation. No major reclassifications were made in these financial statements.

30.2 Figures have been rounded off to the nearest rupee.

Chief Executive

Director

NASIR JAVAID MAQSOOD IMRAN CHARTERED ACCOUNTANTS
Initialled for identification