KISSAN SUPPORT SERVICES (PRIVATE) LIMITED

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

ILYAS SAEED & CO.
CHARTERED ACCOUNTANTS

mgi
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Ilyas Saeed & Co

Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of M/s KISSAN SUPPORT SERVICES (PRIVATE) LIMITED ("hereinafter referred to as "the Company") as at December 31, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with notes forming part thereof (hereinafter referred to as the financial statements) for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that;

(a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion;

(i) the financial statements have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

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(c) in our opinion and to the best of our information and according to the explanation given to us, the financial statements conform with approved accounting standards as applicable in Pakistan and give the information as required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the company's affair as at December 31, 2014 and of the profit, its' cash flows and its' changes in equity for the year then ended; and

(d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Ilyas Saeed & Co.

ISLAMABAD: 13/03/2015.

CHARTERED ACCOUNTANTS
Engagement Partner: IMRAN ILYAS, FCA

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2014

	Note	December 31, 2014 Rupees	December 31, 2013 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**3,073,147**	1,640,406
Deferred tax asset	6	**53,001,152**	33,020,064
		56,074,299	34,660,470
CURRENT ASSETS			
Receivable from ZTBL ("the holding Company")	7	**8,129,580**	10,094,855
Trade receivables- considered good		**-**	2,332,691
Short term advances	8	**1,226,316**	2,202,942
Short term deposits and prepayments		**294,131**	311,611
Investments	9	**317,904,290**	288,680,227
Accrued interest	10	**6,762,536**	4,216,126
Other receivables	11	**189,818**	2,796,615
Advance Tax	12	**48,929,553**	31,929,805
Cash and bank balances	13	**8,410,918**	8,709,072
		391,847,143	351,273,944
		447,921,442	385,934,414
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 10,000,000 ordinary shares of Rs. 10 each	14	**100,000,000**	100,000,000
Issued, subscribed and paid-up capital 10,000,000 ordinary shares of Rs. 10 each		**100,000,000**	100,000,000
Unappropriated profit		**187,759,510**	159,592,897
		287,759,510	259,592,897
NON CURRENT LIABILITIES			
Deferred liabilities	15	**150,551,534**	96,243,146
		150,551,534	96,243,146
CURRENT LIABILITIES			
Trade and other payables	16	**9,610,399**	30,098,371
		9,610,399	30,098,371
CONTINGENCIES AND COMMITMENTS	17	**-**	-
		447,921,442	385,934,414

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	December 31, 2014 Rupees	December 31, 2013 Rupees
Revenue	18	**557,246,723**	595,707,640
Cost of services	19	**(481,620,763)**	(524,409,275)
Gross Profit		**75,625,960**	71,298,365
Administrative expenses	20	**(50,345,864)**	(50,213,584)
Operating profit		**25,280,096**	21,084,780
Other income	21	**30,018,448**	23,302,425
Profit before taxation		**55,298,544**	44,387,205
Provision for taxation	22	**(16,377,490)**	(15,047,450)
Profit after taxation		**38,921,054**	29,339,755
Earning per share - Basic and diluted	23	**3.89**	2.93

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN

EISSAN SUPPORT SERVICES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

	December 31, 2014 Rupees	December 31, 2013 Rupees
Profit for the period	**38,921,054**	29,339,755
Surplus / (Deficit) on revaluation of AFS Investments	-	(22,895)
Effect of recognition of actuarial (losses) or gain	**(16,545,294)**	7,296,098
Deferred tax	**5,790,853**	(2,480,673)
	(10,754,441)	4,815,425
Total comprehensive income for the period	**28,166,613**	34,132,285

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	December 31, 2014 Rupees	December 31, 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**55,298,544**	44,387,205
Adjustments for non cash items:			
Depreciation		**831,808**	906,523
Deficit on revaluation of AFS Investments		**-**	(22,895)
Gain on sale of AFS investments		**300,789**	-
Provision for gratuity		**30,589,644**	14,066,448
Provision for medical fund		**9,323,699**	8,700,359
Interest income		**(30,018,448)**	(23,302,425)
		11,027,492	348,010
Operating profit before working capital changes		**66,326,036**	44,735,215
Working capital changes			
(Increase) / decrease in current assets			
Receivable from holding Company		**1,965,274**	1,698,818
Trade receivables		**2,332,691**	1,262,721
Short Term Advances		**976,626**	7,293,607
Short term deposits and prepayments		**17,480**	(45,629)
Other receivables		**2,606,797**	493,387
		7,898,868	10,702,904
Increase / (decrease) in current liabilities			
Trade and other payables		**(20,487,972)**	20,116,705
Cash generated from operations		**53,736,931**	75,554,824
Interest income received		**27,171,249**	24,377,791
Gratuity paid		**(1,235,946)**	(751,167)
Medical paid		**(914,303)**	(155,016)
Income tax paid		**(47,567,473)**	(38,385,730)
		(22,546,473)	(14,914,122)
Net cash generated from /(used in) operating activities		**31,190,458**	60,640,702
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(2,264,550)**	(602,964)
Net cash used in investing activities		**(2,264,550)**	(602,964)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash generated from financing activities		**-**	-
Net increase in cash and cash equivalents		**28,925,909**	60,037,738
Cash and cash equivalents at the beginning of the period		**297,389,299**	237,351,562
Cash and cash equivalents at the end of the period	24	**326,315,208**	297,389,299

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014

	Issued, subscribed and paid-up capital	Unappropriated profit	Total equity
	Rupees		
Opening balance as at January 01, 2013	100,000,000	125,460,612	225,460,612
Profit for the year ended December 31, 2013	-	34,132,285	34,132,285
Balance as at December 31, 2013	**100,000,000**	**159,592,897**	**259,592,897**
Balance as at January 01, 2014	100,000,000	159,592,897	259,592,897
Profit for the year ended December 31, 2014	-	28,166,613	28,166,613
Balance as at December 31, 2014	**100,000,000**	**187,759,510**	**287,759,510**

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN

1 COMPANY AND ITS OPERATIONS

Kissan Support Services (Private) Limited ("the Company") was incorporated in Pakistan as a private limited company on September 19, 2005 under the Companies Ordinance, 1984. It is a subsidiary of Zarai Taraqiati Bank Limited (ZTBL) which holds 100% shares. The registered office of the Company is situated at Zarai Taraqiati Bank Limited, Head Office, 1 - Faisal Avenue, Zero Point, Islamabad. The Company's principal business is to provide consultancy, advisory, agency and other support services on contractual basis or otherwise to ZTBL.

2 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standards for Medium Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3 ACCOUNTING CONVENTION AND BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention and accrual basis of accounting.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective policies and notes given here under.

The preparation of financial statements in conformity with the Accounting and Financial Reporting Standards for Medium-Sized Entities issued by the Institute of Chartered Accountants of Pakistan require management to make judgments,estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and provision for employee benefits. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

4.2 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is computed over the estimated useful lives of the related assets at the rates set out in note 5. Depreciation is charged on reducing balance method except for vehicles and computer equipment which are depreciated on straight line method. Full month depreciation is charged in which asset is purchased and no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to profit and loss account as and when incurred.

Major renewals and improvements are capitalized. Gains and losses, if any on disposal of assets are included in profit and loss during the year.

4.3 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group.

The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

4.4 Trade debts

Trade debts are carried at the amounts billed/charged, less an estimate made for doubtful debts based on review of outstanding amounts at the year end, if any.

4.5 Other receivables

Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

4.6 Investments

Investments are classified into the following two categories:

Held to maturity

These are the investments with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold them till maturity and measured at cost, less any impairment loss recognised to reflect irrecoverable amounts.

Available for sale

These are recognized at fair value. Gain or loss from changes in fair values are taken to equity until disposal at which time these are recycled to income statement.

4.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash at bank and short term highly liquid investments.

4.8 Employee Benefits

Unfunded medical benefits
The Company operates an unfunded medical benefit fund for its employees. Employees are entitled for free medical facility during their service. This unfunded amount is utilized against the reimbursement of employee's actual medical expenses. The benifits are charged to profit and loss account at the rate of Rs 400/- per employee per month on time proportionate basis.

Staff retirement benefits
The Company operates an un-funded gratuity scheme for its permanent employees whose period of service is one year or more. Employees are entitled to gratuity on the basis set out in staff regulation. The most recent actuarial valuation is carried out at December 31, 2014 using the Projected Unit Credit Actuarial Cost method as mandated under the latest IAS-19 revised 2011. The Actuarial Gains/Losses arising due to differences between actuarial assumptions and actual experience regarding salary increase, mortality and withdrawal probabilities are considered as remeasurements of the net defined benefit liability, and are recognized in Other Comprehensive Income.

4.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.11 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.12 Taxation

Current
Provision for taxation, if any, is made on net taxable income at current prevailing rates as per the Income Tax Ordinance, 2001.

Deferred
Deferred tax is computed using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to apply to the period when the assets are realized or the liability is settled, based on the tax rates and tax laws that has been enacted or substantively enacted at the balance sheet date.

4.13 Borrowing cost

Borrowing cost on long term finances which are specifically obtained for the acquisition of qualifying assets are capitalized. All other borrowing costs are charged to profit and loss account in the period in which these are incurred.

4.14 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

4.15 Revenue recognition

Revenue from services is recognised as and when services are rendered. Interest income is recognised on accrual basis. Commision income is recognised when services are rendered.

4.16 Financial instruments

All the financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of these instruments. The Company de-recognises the financial assets and financial liabilities when it ceases to be a party to such contractual provision.

4.17 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

4.18 Off setting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5 PROPERTY, PLANT AND EQUIPMENT

	Owned					
	Furniture and fixtures	Electrical installations	Motor vehicles	Office equipment	Computers	Total
Cost						
Balance at Jan 1, 2013	583,128	598,513	4,024,560	347,639	1,222,451	**6,776,291**
Additions	-	26,600	2,300	-	574,064	**602,964**
Balance at Dec 31, 2013	583,128	625,113	4,026,860	347,639	1,796,515	**7,379,255**
Additions	-	-	1,810,424	54,126	400,000	**2,264,550**
Disposals	-	-	(1,282,000)	-	-	**(1,282,000)**
Balance at Dec 31, 2014	583,128	625,113	4,555,284	401,765	2,196,515	**8,361,805**
Accumulated depreciation						
Balance at Jan 1, 2013	136,483	301,203	3,362,622	159,705	872,314	**4,832,327**
Depreciation for the year	44,664	62,122	463,409	37,588	298,740	**906,523**
Balance at Dec 31, 2013	181,147	363,325	3,826,031	197,293	1,171,054	**5,738,850**
Depreciation for the year	40,200	52,356	327,668	36,588	374,996	**831,808**
Adjustments	-	-	(1,282,000)	-	-	**(1,282,000)**
Balance at Dec 31, 2014	221,347	415,681	2,871,699	233,881	1,546,050	**5,288,658**
Carrying amount	361,781	209,432	1,683,585	167,884	650,465	**3,073,147**
As at Dec 31, 2014	361,781	209,432	1,683,585	167,884	650,465	**3,073,147**
As at Dec 31, 2013	401,981	261,788	200,829	150,346	625,461	**1,640,406**
Depreciation rates per annum	10%	20%	20%	20%	33%	

5.1 Depreciation for the period has been allocated to administrative expenses.

6 DEFERRED TAX ASSET	Note	December 31, 2014 Rupees	December 31, 2013 Rupees
Deferred tax asset	6.1	53,001,152	33,020,064
		53,001,152	33,020,064
Deferred debit/(credit) arising due to:			
Accelerated depreciation		308,115	297,393
Provision for gratuity		37,393,176	20,719,143
Provision for medical facilities		15,299,861	12,003,528
		53,001,152	33,020,064

6.1 Deferred tax asset arising on temporary differences has been recognized in these financial statements during the period as the management foresee that sufficient future profits will be available with the Company to utilize and reverse the effect of deferred tax asset.

7 RECEIVABLE FROM ZTBL ("HOLDING COMPANY")	Note	December 31, 2014 Rupees	December 31, 2013 Rupees
Unsecured - econsidered good			
Zarai Taraqiati Bank Limited (ZTBL)	7.1	8,129,580	10,094,855

7.1 This represents net receivable against services rendered / obtained from ZTBL.

8 SHORT TERM ADVANCES - UNSECURED			
Advances to:			
Employees/others - cosidered good		1,226,316	2,202,942
		1,226,316	2,202,942

9 INVESTMENTS			
Available for sale investments			
Mutual Funds			
NAFA		-	21,640,275
Less: Deficit on revaluation		-	(43,852)
		-	21,596,423
Askari Fund Management		-	10,760,658
Add: Surplus on revaluation		-	20,957
		-	10,781,615
		-	32,378,037

Held-to-maturity investments	Note	December 31, 2014 Rupees	December 31, 2013 Rupees
Term Deposit Receipts (TDR)			
Dubai Islamic Bank	9.1	188,712,000	-
Silk Bank	9.2	96,211,810	30,000,000
Faysal Bank Limited	9.3	32,980,480	111,550,000
Bank of Punjab	9.4	-	114,752,190
		317,904,290	256,302,190
		317,904,290	288,680,227

9.1 This investment has been made in Dubai Islamic Bank Limited in TDR of Rs. 188,712,000/- matured on December 31, 2014 and extended upto January 12, 2015. It carries interest rate of 10.20% per annum.

9.2 This Investment carries two TDRs. One TDR is of Rs. 54,211,810/- matures on March 07, 2015 and carries interest rate of 10.05% per annum. The second TDR consists of investment of Rs. 42,000,000/- matures on June 24, 2015 and carries interest rate of 10.45% per annum.

9.3 This investment has been made in Faysal Bank Limited in TDR of Rs. 32,980,480/- matures on January 31, 2015 and carries interest rate of 10.10% per annum.

9.4 This investment was made in Bank of Punjab in TDR of Rs. 114,752,190/- matured on January 27, 2014 and carried interest rate of 9.40% per annum.

10 ACCRUED INTEREST	Note	December 31, 2014 Rupees	December 31, 2013 Rupees
Term deposit receipt		5,866,730	3,856,086
Deposit bank accounts		895,806	360,040
		6,762,536	4,216,126

11 OTHER RECEIVABLES			
Institute of Business Education (IBE)	17.1.1	-	2,647,137
Others - considered good		189,818	149,478
		189,818	2,796,615

12 ADVANCE TAX		
Opening	31,929,805	15,223,459
Advance income tax deducted	47,567,473	38,385,730
Adjusted against provision for taxation		
Prior year	17,834	-
Current year	30,549,891	21,679,384
Net tax adjusted	30,567,725	21,679,384
	48,929,553	31,929,805

13 CASH AND BANK BALANCES	Note	December 31, 2014 Rupees	December 31, 2013 Rupees
Cash at Bank			
Current account		**1,341,377**	543,948
Saving accounts	**13.1**	**7,069,541**	8,165,124
		8,410,918	8,709,072

13.1 Saving accounts carry mark up rate ranging from 6.5% to 7% (2013: 6% to 7%) and this balance in saving accounts include funds kept in ZTBL of Rs. 4.60 Million (2013: Rs. 8.145 Million).

14 AUTHORIZED, ISSUED, SUBSCRIBED & PAID UP CAPITAL	December 31, 2014 Rupees	December 31, 2013 Rupees
Authorized share capital		
Authorized share capital consists of 10 million (2013: 10 million) ordinary shares of Rs. 10 each	100,000,000	100,000,000
Issued, subscribed and paid up capital		
10 million (2013: 10 million) ordinary shares of Rs. 10 each issued fully paid in cash	100,000,000	100,000,000

15 DEFERRED LIABILITIES			
Gratuity liability	**15.1**	**106,837,645**	60,938,653
Medical Fund	**15.2**	**43,713,889**	35,304,493
		150,551,534	96,243,146

15.1 Reconciliation of gratuity liability recognized in the balance sheet

Present value of defined benefit obligation	**106,837,645**	60,938,653
	106,837,645	60,938,653

15.1.1 Movement in the liability recognized in the balance sheet

Opening balance		**60,938,653**	54,919,470
Charge for the year	**15.1.2**	**30,589,644**	14,066,448
Benefits paid		**(1,235,946)**	(751,167)
Acturial (gain) or loss on Obligation		**16,543,294**	(7,296,098)
		106,837,645	60,938,653

15.1.2 Charge for the year

Current service charges	**22,747,956**	7,793,901
Interest cost for the year	**7,841,688**	6,272,547
	30,589,644	14,066,448

15.1.3 Principal actuarial assumptions

Following are a few important actuarial assumptions used in the valuation		
Discount rate (%)	**11.25**	**13**
Expected rate of increase in salary (%)	**10.25**	**12**

15.1.4 General description

The scheme provides for terminal benefits for all its permanent employees whose period of service is one year. Employees are entitled to gratuity on the basis set out in Company's staff regulation. Actuarial valuation of these plans was carried out as at December 31, 2014 using Projected Unit Credit (PUC) Actuarial Cost Method as mandated under the latest International Accounting Standard 19 (revised 2011).

15.2 Reconciliation of medical fund recognized in the balance sheet

Medical Fund	**15.2.1**	**43,713,889**	35,304,493
		43,713,889	35,304,493

15.2.1 Movement in the fund recognized in the balance sheet

Opening balance	**35,304,493**	26,759,150
Charge for the year	**9,323,699**	8,700,359
Medical paid	**(914,303)**	(155,016)
	43,713,889	35,304,493

15.2.2 General description

This represents amount set aside for employees' hospitalization expenses. This unfunded amount is utilized against the reimbursement of employees' hospitalization expenses. Contribution to this fund is made at the rate of Rs.400 per employee per month on proportionate time basis.

16 TRADE AND OTHER PAYABLES	**Note**	**December 31, 2014 Rupees**	**December 31, 2013 Rupees**
Sundry and trade creditors		**1,959,176**	3,772,878
Security deposit		**219,000**	344,000
Tax payable		**323,635**	682,688
Other payables	**16.1**	**7,108,588**	25,298,805
		9,610,399	30,098,371

16.1 Other Payables

Expenses payable	**1,389,380**	2,545,542
Medical expenses payable	**-**	13,739,086
Sports expenses payable	**5,719,208**	9,014,177
	7,108,588	25,298,805

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 The Company had let out a property to the Institute of Business Education (IBE) on the March 27, 2008. Subsequently, the Company served vacation notice dated January 26, 2009 on IBE. IBE failed to vacate the property within notice period. The Company filed a petition with Civil Judge, Islamabad for the vacation of the property. This petition was decided in the favor of the Company. Subsequently, the Company filed another petition for the recovery of rent arrears for the period beyond the notice period of Rs.2,668,750/- along with markup @ 2% plus prevailing bank profit rate and cost of suit with the Civil Judge, Islamabad. IBE paid an amount of Rs.657,790/- out of the total claim and deducted tax including surcharge amounting to Rs.45,250/-. However, the Company returned the cheque received as the amount claimed is higher than the payment made. However, the Company took the credit of tax withheld and deposited in the Government treasury by IBE. This reduced the receivable balance to Rs. 2,647,137/-. Management decided to settle the case out of Court and the party agreed to pay Rs. 2,000,000/- and the case was placed before the KSSL Board in its 33rd meeting held on October 01, 2014 and decided to settle the accounts after recovery of Rs. 2,000,000/-. The remaining amount approved to be written off accordingly by the BoD.

17.1.2 The Officer Inland Revenue, Large Taxpayers Unit, Islamabad amended the assessment of the Company under section 122(5A) for the financial year ended December 31, 2009 i.e. Tax Year 2010 and created a demand of Rs. 5.095 million. Being aggreived, the Company filed an appeall before the Commissioner Inland Revenue (Appeals). The Commissioner passed an Order against the Company and maintained the assessment framed by the Officer Inland Revenue. The tax amount of Rs. 5.095 million has been deposited with the Tax Authorities and at the same time the Company preferred an appeal before the Appeallete Tribunal Inland Revenue, Islamabad under section 131 of the Income Tax Ordinance, 2001 and the date of hearing is yet to be fixed. No provision has been made in these accounts as the management is confident that the decision of the case will be announced in the favour of the Company.

17.1.3 The Officer Inland Revenue LTU, Islamabad has initiated proceedings against the Company under Section 161/205 of the Income Tax Ordinance, 2001 for the Tax Year 2009 and 2011. The Company has submitted all the documentary evidences yet, the case is pending for adjudication. No provision has been made in these accounts as the management is confident that the decision of the case will be announced in the favour of the Company.

17.2 Commiuments

There are no commitments at the period end.

		December 31, 2014	December 31, 2013
18 REVENUE		**Rupees**	**Rupees**
Human resource services		**448,770,014**	390,642,081
Photo copying		**1,378,776**	1,481,563
Janitorial services		**4,299,072**	3,633,506
Sports activity		**42,918,024**	60,553,314
Courier services		**7,126,858**	12,190,727
Repair and maintenence		**-**	1,466,490
Security services		**3,150,233**	2,529,677
Medical services		**49,345,352**	123,081,300
Income from Tentage		**-**	104,982
Commission income		**237,394**	-
Miscellaneous income		**21,000**	24,000
		557,246,723	595,707,640

19 COST OF SERVICES

Human resource services	19.1	**370,132,592**	323,515,043
Photocopies		**1,253,433**	1,346,875
Janitorial expenses		**3,908,247**	3,303,187
Sport expenses		**42,918,024**	60,553,314
Postage, telephone and telegram		**6,478,961**	11,082,479
Repair and maintenance - building		**-**	1,333,173
Security expenses		**2,863,847**	2,299,706
Medical expenses		**44,859,411**	111,687,575
Expenses on hostel		**-**	587,564
Medical contribution	15.2.2	**9,206,248**	8,700,359
		481,620,763	524,409,275

19.1 Salaries, wages and other benefits include Rs. 29.746 million (2013: 14.066 million) in respect of staff retirement benefits.

20 ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	20.1	**19,021,211**	18,520,331
Repair and maintenance - vehicle		**44,780**	109,983
Travelling and conveyance		**351,364**	270,850
Rent, rates and taxes		**2,049,412**	2,183,454
Postage, telephone and telegram		**348,613**	369,561
Printing, stationery and advertisement material		**967,165**	567,563
Accounting service charges		**24,910,616**	25,465,119
Fee and meeting expenses		**365,511**	632,911
Insurance		**215,707**	72,994
Legal and professional charges		**231,249**	792,190
Auditors remuneration	20.2	**261,500**	270,000
Fuel expenses		**23,931**	26,380
Entertainment expenses		**53,232**	21,453
Depreciation	5.1	**831,808**	906,523
Finance Cost		**2,629**	4,073
Bad Debts	17.1.1	**647,137**	-
Expenses on FM radio station		**20,000**	-
		50,345,864	50,213,584

20.1 Salaries, wages and other benefits include Rs. 0.845 million in respect of staff retirement benefits.

	December 31, 2014 Rupees	December 31, 2013 Rupees
20.2 Auditors remuneration		
Annual audit fee	**137,500**	125,000
Half yearly and quarterly review	**71,500**	65,000
Other services	**52,500**	80,000
	261,500	270,000
21 OTHER INCOME		
Interest income from investments	**26,486,020**	19,168,228
Interest on bank deposits	**1,853,186**	1,733,265
Income from Mutual Funds	**1,372,168**	2,400,932
Dividend from Mutual Funds	**6,285**	-
Gain on sale of AFS Investments	**300,789**	-
	30,018,448	23,302,425
22 PROVISION FOR TAXATION		
Current year	**30,549,891**	21,679,384
Prior year	**17,834**	-
Deferred Tax	**(14,190,235)**	(6,631,934)
	16,377,490	15,047,450
23 EARNINGS PER SHARE - Basic and diluted		
Profit after taxation	**38,921,054**	**29,339,755**
Number of ordinary shares	**10,000,000**	10,000,000
Earnings per share (Rupees)	**3.89**	2.93

No figure for diluted earning per share has been presented as the Company has not issued any instruments carrying option which would have an impact on earnings per share when exercised.

24 CASH AND CASH EQUIVALENTS	December 31, 2014 Rupees	December 31, 2013 Rupees
Cash at bank	**8,410,918**	8,709,072
Short term investment	**317,904,290**	288,680,227
	326,315,208	297,389,299

25 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

25.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its operating and financing activities including deposits with bank. The Company's credit risk exposure are categorised under the following headings:

25.1.1 Counterparties

The Company conducts transactions with the following major types of counterparties:

Banks

The Company limits its exposure to credit risk by maintaining bank accounts only with counterparties that have a credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

25.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	December 31, 2014	December 31, 2013
	Rupees	Rupees
Investments	**317,904,290**	288,680,227
Other receivables	**189,818**	2,796,615
Bank balances	**8,410,918**	8,709,072
	326,505,026	300,185,915

After giving due consideration to their strong financial standing the Company believes that no impairment allowance is necessary in respect of deposits, receivable from the Government of Pakistan and other receivables as the Company is satisfied that recovery of the amount owing is possible. Accordingly the credit risk is minimal.

25.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments.

The maturity profile of the Company's financial liabilities based on the contractual amounts are as follows:

	Carrying Amount	Less than one	Later than one
December 31, 2013			
Trade and other payables	30,098,371	30,098,371	-
	30,098,371	30,098,371	-

	Carrying Amount	Less than one	Later than one
December 31, 2014			
Trade and other payables	9,610,399	9,610,399	-
	9,610,399	9,610,399	-

26 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

Relation with the Company	Nature of transaction	December 31, 2014 Rupees	December 31, 2013 Rupees
ZTBL ("the holding Company")	Income from ZTBL	**556,988,329**	595,578,658
	Receivable from ZTBL	**8,129,580**	10,094,855
	Rent, accounting and communication charges paid to ZTBL	**33,828,750**	35,209,842
	Bank accounts maintained		
	Current Account	**1,341,377**	543,948
	Saving Account	**4,602,628**	8,144,924
Ex-MD/CEO	Transfer of vehicle as per terms of employment under Car Loan Depreciation Policy		
	Cost of Vehicle	**1,282,000**	
	Accumulated Depreciation	**(1,282,000)**	
	Written Down Value - Sale Proceeds	-	

27 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amount charged in these financial statements in respect of remuneration and allowances including all benefits to the Chief Executive Officer and Directors of the company is given below:

	2014			2013	
	No.	Salaries	Fee/All.	Salaries	Fee/All.
Chief Executive Officer	1	**1,940,780**	**-**	2,078,400	-
Directors' Meeting Fee	7	**-**	**76,000**	-	16,880
		1,940,780	**76,000**	2,078,400	16,880

The Chief Executive Officer is also provided with a maximum of 250 litres of petrol per month.
There are no transactions with key management personnel other than those which are under their terms of employment.

28 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison. Significant reclassifications, which are being done as a result of such changes for better presentation, are as under:

Statement	From	Note	To	Note	Rupees
BS	Current Liabilities - Medical Fund	16	Non-current liabilities - Medical Fund	15	35,304,493
P&L	Insurance	20	Human Resource Services	19	1,640,472

	December 31, 2014 Rupees	December 31, 2013 Rupees
29 NUMBER OF EMPLOYEES		
The total number of emloyes as at the year end	2,474	2,164

30 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 13/03/2015.

31 GENERAL

Figures in the financial statements have been rounded off to the nearest rupee, unless otherwise stated.

CHIEF EXECUTIVE

CHAIRMAN