FINANCIAL STATEMENTS
OF

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED

FOR THE YEAR ENDED
DECEMBER 31, 2015

BDO Ebrahim & Co. Chartered Accountants
BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KISSAN SUPPORT SERVICES (PRIVATE) LIMITED** (the Company) as at December 31, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 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 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 above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we state 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 balance sheet and profit and loss account together with the notes thereon 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;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information 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 affairs as at December 31, 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

The financial statements of the Company for the year ended December 31, 2014, were audited by another firm of chartered accountants, who had expressed unqualified opinion vide their report dated March 13, 2015.

ISLAMABAD

DATE: 16 FEB 2016

CHARTERED ACCOUNTANTS
Engagement Partner: Abdul Qadeer

BDO Ebrahim & Co. Chartered Accountants
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KISSAN SUPPORT SERVICES (PRIVATE) LIMTED
BALANCE SHEET AS AT DECEMBER 31, 2015

	Note	2015 Rupees	2014 Rupees Restated	2013 Rupees Restated
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment				
Operating fixed assets	5	4,252,407	3,073,147	1,640,406
Deferred tax asset	6	60,220,490	53,001,152	33,020,064
		64,472,897	56,074,299	34,660,470
CURRENT ASSETS				
Receivable from ZTBL	7	47,989,522	8,129,580	10,094,855
Trade receivables		-	-	2,332,691
Loans and advances	8	2,623,186	1,226,316	2,202,942
Short-term prepayments	9	463,256	294,131	311,611
Short-term investments	10	333,599,628	317,904,290	288,680,227
Accrued interest	11	2,814,632	6,762,536	4,216,126
Other receivables	12	5,728,928	5,285,506	2,796,615
Tax refund due from Government	13	43,850,748	26,834,118	10,145,606
Taxation - net	14	-	16,999,748	10,145,606
Cash and bank balances	15	79,516,483	8,410,918	8,709,072
		516,586,383	391,847,143	339,635,351
TOTAL ASSETS		581,059,280	447,921,442	374,295,821
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital	16	100,000,000	100,000,000	100,000,000
Accumulated profit		264,764,907	187,759,510	157,214,860
Surplus on revaluation of investments at fair value		-	-	2,378,037
		364,764,907	287,759,510	259,592,897
NON CURRENT LIABILITIES				
Deferred liabilities	17	196,722,292	150,551,534	60,938,653
CURRENT LIABILITIES				
Trade and other payables	18	10,877,470	9,610,398	65,402,864
Taxation - net	14	8,694,611	-	-
		19,572,081	9,610,398	65,402,864
CONTINGENCIES AND COMMITMENTS	19	-	-	-
TOTAL EQUITY AND LIABILITIES		581,059,280	447,921,442	385,934,414

The annexed notes from 1 to 37 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, 2015

	Note	2015 Rupees	2014 Rupees Restated
Revenue	20	857,169,216	557,246,723
Cost of services	21	738,833,733	481,620,763
Gross profit		118,335,483	75,625,960
Administrative expenses	22	(31,388,166)	(50,343,235)
Operating profit		86,947,317	25,282,725
Other income	23	27,922,850	32,396,485
Financial charges		(40,030)	(2,629)
Profit before taxation		114,830,137	57,676,581
Taxation	24	(44,342,648)	(16,377,490)
Profit after taxation		70,487,489	41,299,091
Earnings per share - basic and diluted	25	7.05	4.13

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **CHAIRMAN**

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 Rupees	2014 Rupees Restated
Profit after taxation	70,487,489	41,299,091
Other comprehensive income / (loss)		
Unrealized gain on revaluation of available for sale (AFS) investments	-	-
Transfer to profit and loss account on disposal of investments (AFS)	-	(2,378,037)
	-	(2,378,037)
Effect of recognition of actuarial gain/(losses)	9,585,159	(16,545,294)
Deferred tax	(3,067,251)	5,790,853
	6,517,908	(10,754,441)
	6,517,908	(13,132,478)
Total comprehensive income for the year	77,005,397	28,166,613

The annexed notes from 1 to 37 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, 2015

	Note	2015 Rupees	2014 Rupees Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		114,830,137	57,676,581
Adjustments for non cash items:			
Depreciation	6.1	968,595	831,808
Gain on sale of AFS investments		-	4,050,994
Provision for gratuity		43,424,099	30,589,644
Provision for medical fund		14,111,225	9,323,699
Interest income		(27,922,850)	(30,018,448)
		30,581,069	14,777,697
Operating profit before working capital changes		145,411,206	72,454,278
Changes in working capital:			
(Increase)/decrease in current assets			
Receivable from holding company		(39,859,942)	1,965,274
Trade receivables - others		-	2,332,691
Loans and advances		(1,396,870)	976,626
Short-term prepayments		(169,125)	17,480
Other receivables		(443,422)	2,606,797
		(41,869,359)	7,898,868
Increase/(decrease) in current liabilities			
Trade and other payables		1,267,072	(20,487,972)
Cash generated from operations		104,808,919	59,865,174
Interest income received		31,870,754	27,171,249
Gratuity paid		(1,193,435)	(1,235,946)
Medical expenses paid		(585,972)	(914,303)
Income tax paid		(45,951,508)	(47,567,473)
		(15,860,161)	(22,546,473)
Net cash generated from operating activities		88,948,758	37,318,701
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds against disposal of investments		-	34,958,867
Purchase of fixed assets		(2,147,855)	(2,264,550)
Net cash used in investing activities		(2,147,855)	32,694,317
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash generated from financing activities		-	-
Net increase in cash and cash equivalents		86,800,903	70,013,018
Cash and cash equivalents at the beginning of the year		326,315,208	256,302,190
Cash and cash equivalents at the end of the year	26	413,116,111	326,315,208

The annexed notes from 1 to 37 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, 2015

	Note	Share capital	Surplus on revaluation of investments at fair value	Accumulated profit	Total
		---------- Rupees ----------			
Balance as at January 01, 2014 as reported		100,000,000	-	159,592,897	259,592,897
Effect of prior period error	35	-	2,378,037	(2,378,037)	-
Balance as on January 01, 2014 - restated		100,000,000	2,378,037	157,214,860	259,592,897
Total comprehensive income for the year					
Other comprehensive income		-	(2,378,037)	(10,754,441)	(13,132,478)
Profit for the year		-	-	41,299,091	41,299,091
		-	(2,378,037)	30,544,650	28,166,613
Balance as on December 31, 2014		100,000,000	-	187,759,510	287,759,510
Total comprehensive income for the year					
Other comprehensive income		-	-	6,517,908	6,517,908
Profit for the year		-	-	70,487,489	70,487,489
		-	-	77,005,397	77,005,397
Balance as on December 31, 2015		100,000,000	-	264,764,907	364,764,907

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, 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.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for employee benefits which have been stated at present value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

The preparation of these financial statements in conformity with approved accounting standards requires the management to exercise its judgment in the process of applying the Company's accounting policies and use of certain critical accounting estimates. The areas involving a higher degree of judgment, critical accounting estimates and significant assumptions are disclosed in note 4.22.

2.3 Functional and presentation currency

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

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards or interpretations that are effective in current year but not relevant to the Company

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB) which have been adopted locally by the Securities and Exchange Commission of Pakistan vide SRO 633(I)/2014 dated July 10, 2014 with effect from following dates. The Company has adopted these accounting standards and interpretations which do not have significant impact on the Company's financial statements other than certain disclosure requirement about fair value of financial instruments as per IFRS 13 "Fair Value Measurement".

		Effective date (annual periods beginning on or after)
IFRS 10	Consolidated Financial Statements	January 1, 2015
IFRS 11	Joint Arrangements	January 1, 2015
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13	Fair Value Measurement	January 1, 2015
IAS 27	Separate Financial Statements (Revised 2011)	January 1, 2015
IAS 28	Investments in Associates and Joint Ventures (Revised 2011)	January 1, 2015

3.2 Amendments that are effective in current year but not relevant to the Company

The Company has adopted the amendments to the following accounting standards which became effective during the year:

IAS 19	Employee Benefits - Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service	July 1, 2014

The annual improvements to IFRSs that are effective for annual periods beginning on or after January 01, 2015 are as follows:

Annual improvements to IFRSs (2010 – 2012) Cycle:

IFRS 2	Share - based payments
IFRS 3	Business Combinations
IFRS 8	Operating Segments
IFRS 13	Fair Value Measurement
IAS 16	Property Plant and Equipment
IAS 24	Related Party Disclosures
IAS 38	Intangible Assets

Annual improvements to IFRSs (2011 – 2013 Cycle):

IFRS 3	Business Combinations
IFRS 13	Fair Value Measurement
IAS 40	Investment Property

3.3 Amendments not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

		Effective date (annual periods beginning on or after)
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture and application of the consolidation exception	January 01, 2016
IFRS 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 01, 2016
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 27	Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 01, 2016
IAS 27	Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 01, 2016
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture and the application of the consolidation exception	January 01, 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 01, 2016
IAS 41	Agriculture - Amendments bringing bearer plants into the scope of IAS 16	January 01, 2016

The Annual Improvements to IFRSs that are effective for annual periods beginning on or after January 01, 2016 are as follows:

Annual improvements to IFRSs (2012 – 2014) Cycle:

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 34	Interim Financial Reporting

Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged on reducing balance method except for vehicles and computer equipment which are depreciated on straight line method.

Normal repairs and maintenance are charged to profit and loss account as and when incurred whereas major renewals and improvements are capitalized.

Depreciation is charged on prorated basis from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which asset is disposed off.

4.2 Impairment losses

The Company assesses at each balance sheet date whether there is any indication that assets other than stores and spares and stock in trade and deferred tax assets may be impaired. If such an indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amounts and the resulting impairment loss is recognized as expense in the profit and loss account, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

4.3 Trade debts

Trade debts originated by the company are recognized and carried at original invoice amount less provision for any uncollectible amounts. Provision for doubtful debt is made when collection of the full amount is no longer probable. Debts considered irrecoverable are written off when identified.

4.4 Loans, advances and other receivables

These are recognized at cost, which is the fair value of the consideration given. An assessment is made at each balance sheet date to determine, whether there is an indication that a financial asset, or a group of financial assets, may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying value.

4.5 Investments

Investments are classified into the following two categories:

Held to maturity (HTM)

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Company has the intention and ability to hold them until maturity. HTM investments are measured subsequently at amortized cost using the effective interest method.

Available for sale investments

These are investments which do not fall under the "investment at fair value through profit and loss" or "held to maturity categories". These investments are initially measured at their fair value plus directly attributable transaction cost and at subsequent reporting dates measured at fair values and gains or losses from changes in fair values other than impairment loss are recognized in other comprehensive income until disposal at which time these are charged through profit and loss account. Impairment loss on investments available for sale is recognized in the profit and loss account.

4.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalent comprise cash at bank and short term investments with maturity of not later than three months at known amount in rupees if any.

4.7 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 the goods and services received, whether or not billed to the Company.

4.8 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

4.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity/comprehensive income, in which case it is recognized in equity/comprehensive income.

Current

The Company accounts for current taxation on the basis of taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or one percent of turnover, whichever is higher in accordance with the provisions of 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 assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

4.10 Provision

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. Provisions are determined by discounting future cash flows at appropriate discount rate where ever required. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.11 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity.

4.12 Employees 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 benefits 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, 2015 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.

4.13 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities.

Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be measured reliably. The revenue arising from different activities of the Company is recognized on the following basis:

Revenue from services is recognised as and when services are rendered.
Interest income is recognized as revenue on time proportion basis.
Commission income is recognized when services are rendered
Rental income is recognized on accrual basis.

4.14 Borrowing

Loans and borrowings are recorded at the proceeds received. Mark up, interest and other borrowing costs are charged to income in the period in which they are incurred.

Borrowing cost on long term finances which are specifically obtained for the acquisition of qualifying assets (plant and machinery) are capitalized up to the date of commencement of commercial production on the respective assets. All other borrowing costs are charged to profit and loss account in the period in which these are incurred.

4.15 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.

4.16 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is 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 assets and settle the liability simultaneously.

4.17 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.18 Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at balance sheet date are carried as loans and receivables and held to maturity.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the balance sheet, which are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'loans and deposits', 'other receivables' and 'cash and cash equivalents' in the balance sheet.

Held to maturity and available for sale investments

The particular measurement method adopted is disclosed in the individual policy.

Impairment

At the end of each reporting period the Company assesses whether there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss will be reversed either directly or by adjusting provision account.

Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Derecognition

The financial assets are de-recognized when the Company loses control of the contractual right that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

4.19 Foreign currency translation

Transactions in foreign currencies are converted into Pak Rupees at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in the profit and loss account.

4.20 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

4.21 Dividend and apportioning to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4.22 Significant accounting judgments and critical accounting estimates / assumptions

- exercise its judgment in process of applying the Company's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

Judgments and assumptions have been required by the management in applying the Company's accounting policies in many areas. Actual results may differ from estimates calculated using these judgments and assumptions.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

a) Property plant and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

b) Income taxes

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

c) Provision for doubtful receivables

The carrying amount of trade and other receivables are assessed on regular basis and if there is any doubt about the reliability of these receivables, appropriate amount of provision is made.

d) Contingencies

The Company reviews the status of all the legal cases on regular basis. Based on expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

5 OPERATING FIXED ASSETS

Particulars	Furniture and fixtures	Electrical installations	Owned motor vehicles	Office equipment	Computers	Total
	----------	----------	---------- Rupees ----------	----------	----------	----------
Net carrying value basis						
Year ended December 31, 2015						
Opening book value	361,781	209,432	1,683,585	167,884	650,465	3,073,147
Additions	-	82,170	1,554,785	73,430	437,470	2,147,855
Depreciation charge	(36,178)	(50,069)	(415,257)	(40,577)	(426,514)	(968,595)
Closing net book value	325,603	241,533	2,823,113	200,737	661,421	4,252,407
Gross carrying value basis						
As at December 31, 2015						
Cost	583,128	707,283	6,110,069	475,195	2,633,985	10,509,660
Accumulated depreciation	(257,525)	(465,750)	(3,286,956)	(274,458)	(1,972,564)	(6,257,253)
Net book value	325,603	241,533	2,823,113	200,737	661,421	4,252,407
Net carrying value basis						
Year ended December 31, 2014						
Opening book value	401,981	261,788	664,238	187,934	924,201	2,440,142
Additions	-	-	1,347,015	16,538	101,260	1,464,813
Depreciation charge	(40,200)	(52,356)	(327,668)	(36,588)	(374,996)	(831,808)
Closing net book value	361,781	209,432	1,683,585	167,884	650,465	3,073,147
Gross carrying value basis						
As at December 31, 2014						
Cost	583,128	625,113	4,555,284	401,765	2,196,515	8,361,805
Accumulated depreciation	(221,347)	(415,681)	(2,871,699)	(233,881)	(1,546,050)	(5,288,658)
Net book value	361,781	209,432	1,683,585	167,884	650,465	3,073,147
Annual rate of depreciation (%)	10%	20%	20%	20%	33.33%	

5.1 Depreciation has been allocated to administrative expenses.

		Note	2015 Rupees	2014 Rupees
6	**DEFERRED TAX ASSET**			
	Deferred tax asset	6.1	60,220,490	53,001,152

6.1 Deferred tax assets arising on account of temporary differences in:

Accelerated depreciation	336,607	308,115
Provision for post employment benefit obligation	41,567,357	37,393,176
Provision for medical facilities	18,316,526	15,299,861
	60,220,490	53,001,152
Tax rate used	32%	33%

6.2 The deferred tax asset recognized in the financial statements represents the management's best estimate of potential benefit which is expected to be realized in future years in the form of reduced tax liability as the Company would be able to set off the profits earned in those years against temporary differences.

		Note	2015 Rupees	2014 Rupees
7	**RECEIVABLE FROM ZTBL**			
	Holding company			
	Unsecured - considered good			
	Zarai Taraqiati Bank Limited (ZTBL)	7.1	47,989,522	8,129,580

7.1 The aging of balances at the balance sheet date is as follows:

Not past due	47,989,522	8,129,580
Past due 30-90 days	-	-
Past due 90 days	-	-
	47,989,522	8,129,580

8	**LOANS AND ADVANCES**			
	Unsecured - considered good			
	Advances to:			
	Employees	8.1	1,291,186	26,316
	Others		1,332,000	1,200,000
			2,623,186	1,226,316

8.1 This includes advances provided to employees to meet business expenses and are settled as and when the expenses are incurred.

		Note	2015 Rupees	2014 Rupees
9	**SHORT-TERM PREPAYMENTS**			
	Life insurance		412,055	236,937
	Vehicles insurance		51,201	57,194
			463,256	294,131
10	**SHORT TERM INVESMENTS**			
	Held to maturity			
	Term deposit receipts (TDR)	10.1	333,599,628	317,904,290
10.1	Term deposit receipts (TDR)			
	Dubai Islamic Bank Limited	10.1.1	150,000,000	188,712,000
	Silk Bank Limited	10.1.2	103,599,628	96,211,810
	JS Bank Limited	10.1.3	80,000,000	-
	Faysal Bank Limited	10.1.4	-	32,980,480
			333,599,628	317,904,290

10.1.1 This represents two TDRs having maturity of six months (December 31, 2014: three to six months) carrying interest at the rate 6.70% (December 31, 2014: 10.20%) per annum.

10.1.2 This represents two TDRs having maturity of three to six months (December 31, 2014: three to six months) carrying interest at the rate 7.10% (December 31, 2014: 10.20%) per annum.

10.1.3 This represents two TDR having maturity of three months (December 31, 2014: three to six months) carrying interest at rates ranging from 6.95% to 6.55% (December 31, 2014: 10.20%) per annum.

10.1.4 This investment has been matured during the year and carried mark up at the rate 10.10% per annum.

		Note	2015 Rupees	2014 Rupees
11	**ACCRUED INTEREST**			
	Term deposit receipts		2,274,159	5,866,730
	Saving accounts		540,473	895,806
			2,814,632	6,762,536
12	**OTHER RECEIVABLES**			
	Unsecured- considered good			
	Income tax receivables	12.1	5,095,687	5,095,687
	Other receivables	12.2	633,241	189,819
			5,728,928	5,285,506

12.1 As explained in note 19.1 (b) this represents income tax paid under protest to the taxation authorities.

12.2 This includes an amount of Rs. 0.114 million (2014: Rs. 0.114) expenses incurred by the Company for establishment of Kissan Security Services (Private) Limited.

	Note	2015 Rupees	2014 Rupees
13 TAX REFUNDS DUE FROM GOVERNMENT			
Income tax		43,850,748	26,834,118
14 TAXATION-NET			
Advance income tax		45,951,508	47,567,473
Less: Provision for taxation			
Current year		54,646,119	30,549,891
Prior year		-	17,834
		54,646,119	30,567,725
		(8,694,611)	16,999,748
15 CASH AND BANK BALANCES			
Cash at bank			
Current account		62,633	1,341,377
Savings accounts	15.1	79,453,850	7,069,541
		79,516,483	8,410,918

15.1 Saving accounts carry mark up at the rates ranging from 4.5% to 6% per annum (2014: 6.5% to 7% per annum) and this balance in saving accounts include funds kept in ZTBL of Rs. 78.866 million (2014: Rs. 4.60 million).

Number of ordinary shares of Rs. 10/- each			2015 Rupees	2014 Rupees
2015	2014			
16 SHARE CAPITAL				
16.1 Issued, subscribed and paid up capital				
10,000,000	10,000,000	Fully paid in cash	100,000,000	100,000,000
16.1.1 Percentage of holding company (Zarai Taraqiati Bank Limited			100%	100%

16.2 **Authorised share capital**

This represents 10,000,000 (2014: 10,000,000) ordinary shares of Rs. 10 each amounting to Rs. 100,000,000 (2014: Rs. 100,000,000).

	Note	2015 Rupees	2014 Rupees
17 DEFERRED LIABILITIES			
Gratuity liability	17.1	139,483,150	106,837,645
Medical fund	17.2	57,239,142	43,713,889
		196,722,292	150,551,534

17.1 Reconciliation of gratuity liability recognized in the balance sheet

17.1.1 The amounts recognized in the balance sheet are determined as follow:

Present value of defined benefit obligation	139,483,150	106,837,645
Benefits due but not paid during the year	-	-
Liability in the balance sheet	139,483,150	106,837,645

17.1.2 Movement in the liability recognized in the balance sheet

At the beginning of the year	106,837,645	60,938,653
Amount recognized during the year	43,424,099	30,589,644
Benefits paid during the year	(1,193,435)	(1,235,946)
Remeasurement (gain)/loss on obligation	(9,585,159)	16,545,294
	139,483,150	106,837,645

17.1.3 Movement in present value of defined benefit obligations

Opening present value of defined benefit obligations	106,837,645	60,938,653
Current service cost for the year	31,471,995	22,747,956
Interest cost for the year	11,952,104	7,841,688
Benefits paid during the year	(1,193,435)	(1,235,946)
Remeasurement (gain) / loss on obligation	(9,585,159)	16,545,294
Closing present value of defined benefit obligations	139,483,150	106,837,645

17.1.4 Remeasurement chargeable to other comprehensive income

Remeasurement (gain)/ loss on defined obligation	(9,585,159)	16,545,294

17.1.5 Charge for the year

Current service charges	31,471,995	22,747,956
Interest cost for the year	11,952,104	7,841,688
	43,424,099	30,589,644

		2015	2014
17.1.6	**The principal actuarial assumptions used were as follows:**		

Following are a few important actuarial assumptions used in the valuation:

Discount rate (%)	10.00%	11.25%
Expected rate of increase in salary (%)	9.00%	10.25%
Mortality rate	SLIC 2001-2005 Setback 1 year	SLIC 2001-2005 Setback 1 year

17.1.7 General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at December 31, 2015 using the Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility - Most assets are invested in risk free investments i.e. Government Bonds / Treasury bills. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets - This is managed by making regular contribution to the Fund as advised by the actuary.

17.1.8 Sensitivity analysis

The calculation of the defined benefit obligations sensitive to the assumption set out above. The following table summaries how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by one percent.

	Increase in Assumption Rupees	Decrease in Assumption Rupees
Discount rate	123,336,651	159,070,185
Salary increase	159,794,140	122,503,666

17.1.9 Comparison for five years

2015	2014	2013	2012	2011
		'Rupees		
139,483,150	106,837,645	60,938,653	54,919,470	42,651,541

17.1.10 The charge in respect of defined benefit plan for the year ending December 31, 2016 is estimated to be Rs. 45.446 million.

17.1.11 There are no plan assets, therefore, disclosure in respect to plan assets required as per IAS 19 "Employee Benefits" has not been made in these financial statements.

	2015 Rupees	2014 Rupees
17.2 Medical fund		
Movement in the fund recognized in the balance sheet		
At the beginning of the year	43,713,889	35,304,493
Recognized during the year	14,111,225	9,323,699
Payments during the year	(585,972)	(914,303)
Balance at the end of the year	57,239,142	43,713,889

17.2.1 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.

	Note	2015 Rupees	2014 Rupees
18 TRADE AND OTHER PAYABLES			
Sundry and trade creditors		2,945,767	1,959,176
Security deposits		369,002	219,000
Tax deducted payable		1,943,621	323,635
Other payables	18.1	5,619,080	7,108,587
		10,877,470	9,610,398

		2015 Rupees	2014 Rupees
18.1	**Other payables**		
	Accrued expenses	5,212,480	1,389,380
	Sports expenses payable	406,600	5,719,207
		5,619,080	7,108,587

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

a) 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 decided in the favor of the Company.

b) 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 aggrieved, the Company filed an appeal 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 Appellate Tribunal Inland Revenue, Islamabad under section 131 of the Income Tax Ordinance, 2001. Appellate Tribunal Revenue Islamabad passed order against the Company and maintained/ upheld the order of the commissioner (Appeals). Now the Company has preferred an application for rectification of mistake under section 221 of the Ordinance and subsequent to the balance sheet the date of hearing has been fixed. No provision has been made in these accounts as the management is confident that the decision of the case will be decided in the favor of the Company.

c) There was no other contingent liability of the company as at the balance sheet date (December 31, 2014: Nil).

19.2 Commitments

The company has no commitments as at December 31, 2015 (December 31, 2014: Nil).

		Note	2015 Rupees	2014 Rupees
20	**REVENUE**			
	Service charges	20.1	128,404,132	75,242,223
	Other	20.2	2,622,266	1,399,776
	Less: Sales tax on services		(11,043,665)	-
			119,982,733	76,641,999
	Add: Expenditure reimbursed during the year	20.3	737,186,483	480,604,724
			857,169,216	557,246,723

		2015 Rupees	2014 Rupees
20.1	Service charges		
	Human resource services	124,093,684	69,431,174
	Janitorial services	450,927	390,825
	Sports activity	3,372,220	-
	Courier services	-	647,897
	Security services	487,301	286,386
	Medical services	-	4,485,941
		128,404,132	75,242,223
20.2	Others		
	Photocopies	1,138,172	1,378,776
	Rental income	1,473,094	-
	Miscellaneous income	11,000	21,000
		2,622,266	1,399,776
20.3	Expenditure reimbursed		
	Human resource services	657,866,709	370,132,592
	Medical contribution	13,985,999	9,206,248
	Janitorial services	4,138,800	3,908,247
	Sports activities	56,631,064	42,918,024
	Courier services	-	6,478,961
	Security services	4,563,911	2,863,847
	Medical services	-	44,859,411
	Commission income	-	237,394
		737,186,483	480,604,724

20.4 During the year the Company has revised its agreement with Zarai Taraqiati Bank Limited, a holding company, and effective from July 01, 2015 the holding company will reimburse all expenses plus services charges as per agreement. Therefore, the comparative figures have also been reclassified for comparison purposes.

		Note	2015 Rupees	2014 Rupees
21	**COST OF SERVICES**			
	Human resource services	21.1	657,866,709	370,132,592
	Photocopies		1,024,493	1,253,433
	Janitorial expenses		4,138,800	3,908,247
	Sports activities		56,631,064	42,918,024
	Postage telephone and telegram		-	6,478,961
	Security expenses		4,563,911	2,863,847
	Medical expenses		-	44,859,411
	Expenses on hostel		622,757	-
	Medical contribution		13,985,999	9,206,248
			738,833,733	481,620,763

21.1 Salaries, wages and other benefits include Rs. 40.549 million (2014: 29.746 million) in respect of staff retirement benefits.

	Note	2015 Rupees	2014 Rupees
22 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	22.1	24,670,698	19,021,211
Repair and maintenance		71,564	44,780
Travelling and conveyance		327,876	351,364
Rent, rates and taxes		2,402,085	2,049,412
Postage, telephone and telegram		227,667	348,613
Printing, stationery and advertisement material		798,135	967,165
Accounting service charges		-	24,910,616
Fee and meeting expenses		832,716	365,511
Insurance		122,353	215,707
Legal and professional charges		576,100	231,249
Auditors' remuneration	22.2	253,000	261,500
Fuel expenses		46,800	23,930
Entertainment expenses		79,627	53,232
Depreciation	5	968,595	831,808
Bad debts		-	647,137
Expenses on FM radio station		10,950	20,000
		31,388,166	50,343,235

22.1 Salaries, wages and other benefits include Rs. 2.875 million (2014: 0.845 million) in respect of staff retirement benefits.

	2015 Rupees	2014 Rupees Restated
22.2 Auditors' remuneration		
Annual audit fee	137,500	137,500
Half yearly and quarterly review	71,500	71,500
Other services	44,000	52,500
	253,000	261,500

23 OTHER INCOME

Income from financial assets		
Interest income from investments	26,206,608	26,486,020
Interest on bank deposits	1,716,242	1,853,186
Gain on sale of AFS investment	-	4,050,994
Dividend from mutual funds	-	6,285
	27,922,850	32,396,485

		2015 Rupees	2014 Rupees
24	**PROVISION FOR TAXATION**		
	For the year	54,646,119	30,549,891
	Prior	(16,882)	17,834
	Deferred	(10,286,589)	(14,190,235)
		44,342,648	16,377,490

24.1 Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:

	2015 %	2014 %
Average effective tax rate	0.63	0.40
Temporary difference	(0.31)	(0.06)
Others	0.002	-
Applicable tax rate	0.32	0.33

24.2 The applicable income tax rate was reduced from 33% to 32% for the year on account of the changes made to Income Tax Ordinance 2001 through Finance Act, 2015.

		2015 Rupees	2014 Rupees Restated
25	**EARNING PER SHARE - Basic and diluted**		
	Profit for the year	70,487,489	41,299,091
	Basic:		
	Weighted average ordinary shares (Number)	10,000,000	10,000,000
	Earning per share (Rupees)	7.05	4.13

25.1 There is no dilutive effect on the basic earnings per share, as the Company has not issued any instruments carrying option which would have any impact on earnings per share when exercised.

	Note	2015 Rupees	2014 Rupees
26	**CASH AND CASH EQUIVALENTS**		
Cash and bank balances	15	79,516,483	8,410,918
Short term investments	10	333,599,628	317,904,290
		413,116,111	326,315,208

27 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

	2015			2014		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----------	----------	Rupees ----------	----------	----------	----------
Managerial remuneration	2,875,226	-	38,996,354	1,940,780	-	17,024,532
Fee	-	470,000	-	-	76,000	-
	2,875,226	470,000	38,996,354	1,940,780	76,000	17,024,532
Number of persons	1	7	54	1	7	25

27.1 The Chief Executive has been provided with Company maintained car (with monthly petrol entitlement: 250 Litre), and other benefits as per Company policy.

38 FINANCIAL ASSETS AND LIABILITIES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows:

Description	Total	2015 Interest/mark up bearing			Not interest / mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
	Rupees				
Financial assets					
Loans and receivables and HTM at amortised cost					
Receivable	47,989,522	-	-	-	47,989,522
Accrued interest	2,814,632	-	-	-	2,814,632
Short term investments	333,599,628	333,599,628	-	333,599,628	-
Other receivables	633,241	-	-	-	633,241
Cash and bank balances	79,516,483	-	-	-	79,516,483
	464,553,506	333,599,628	-	333,599,628	130,953,878
Financial liabilities					
Financial liabilities carried at amortised cost					
Deferred liabilities	196,722,292	-	-	-	196,722,292
Trade and other payables	8,933,849	-	-	-	8,933,849
	205,656,141	-	-	-	205,656,141
On balance sheet gap	258,897,365	333,599,628	-	333,599,628	(74,702,263)
Off Balance sheet Items					
Financial commitments:	-	-	-	-	-
Total Gap	258,897,365	333,599,628	-	333,599,628	(74,702,263)

Description	Total	2014 Interest/mark up bearing			Not interest / mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
	Rupees				
Loans and receivables and HTM at amortised cost					
Receivable	8,129,580	-	-	-	8,129,580
Short term investments	317,904,290	317,904,290	-	317,904,290	-
Accrued interest	6,762,536	-	-	-	6,762,536
Other receivables	189,819	-	-	-	189,819
Cash and bank balances	8,410,918	-	-	-	8,410,918
	341,397,143	317,904,290	-	317,904,290	23,492,853
Financial liabilities					
Financial liabilities carried at amortised cost					
Deferred liabilities	150,551,534	-	-	-	150,551,534
Trade and other payables	9,286,763	-	-	-	9,286,763
	159,838,297	-	-	-	159,838,297
On balance sheet gap	181,558,846	317,904,290	-	317,904,290	(136,345,444)
Off Balance sheet Items					
Financial commitments:	-	-	-	-	-
Total Gap	181,558,846	317,904,290	-	317,904,290	(136,345,444)

Effective interest rates are mentioned in the respective notes to the financial statements.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

29.1 The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

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

29.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2015	2014
	Rupees	Rupees
Receivable from ZTBL	47,989,522	8,129,580
Short-term investments	333,599,628	317,904,290
Other receivables	633,241	189,819
Accrued interest	2,814,632	6,762,536
Cash and bank balances	79,516,483	8,410,918
	464,553,506	341,397,143

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

The aging of trade debts at the reporting date is:

	2015	2014
	Rupees	Rupees
Not past due	47,989,522	8,129,580
Past due 1-30 days	-	-
Past due 30-90 days	-	-
	47,989,522	23,382,566

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year no assets have been impaired.

29.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying Amount	Contractual Cash Flows	One year or less	One to two years	Two to five years
			----------Rupees----------		
2015					
Deferred liabilities	196,722,292	196,722,292	700,000	-	196,022,292
Trade and other payables	10,877,470	10,877,470	10,877,470	-	-
	207,599,762	207,599,762	11,577,470	-	196,022,292
2014					
Deferred liabilities	150,551,534	150,551,534	800,000	-	149,751,534
Trade and other payables	9,610,398	9,610,398	9,610,398	-	-
	160,161,932	160,161,932	10,410,398	-	149,751,534

29.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies.

Presently the Company is not exposed to foreign currency risk.

(ii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short-term investments.

Interest rate of the Company's financial assets and financial liabilities as at December 31, 2015 can be evaluated from the following schedule:

	2015 Rupees	2014 Rupees
At amortized cost		
Financial assets with fixed rates		
Short-term investments	333,599,628	317,904,290
Saving accounts	79,453,850	7,069,541
	413,053,478	324,973,831

The following rates have been applied:

	Reporting date rate	
	2015 Percentage	2014 Percentage
Short-term investments	6.55 to 7.10	10.10 to 10.20
Saving accounts	4.5 to 6	6.5 to 7

The Company is not exposed to variable interest rate risk as the Company does not hold any variable interest bearing instrument as at the balance sheet date, therefore, no sensitivity analysis has been presented.

(iii) **Other price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments whose fair value or future cash flows will fluctuate because of changes in market prices.

30 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The management assessed that the cash and bank balances and short-term deposits, trade receivables, trade and other payables approximate their carrying amounts largely due to the short term maturities of these instruments.

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Fair value

The Company using following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Level 1: quoted (unadjustable) prices in active market for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observables either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observables market data.

As at December 31, 2015 and December 31, 2014 the Company did not hold any financial instruments carried at fair value.

31 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

32 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of holding company, directors and key management personnel. Transactions with related parties during the period are as follows:

		2015 Rupees	2014 Rupees
Relation with the Company	**Nature of transactions**		
Holding company (Zarai Taraqiati Bank Limited - ZTBL)	Revenue earned	-	556,988,329
	Services charges	128,404,132	-
	Rent, accounting and communication charges paid	7,502,451	33,828,750
	Expenses reimbursed during the year	737,186,483	-

Relation with the Company	Nature of transactions	2015 Rupees	2014 Rupees
Holding company (Zarai Taraqiati Bank Limited - ZTBL)	Short-term investment made (TDRs)	225,000,000	-
	Short-term investment encashed	(225,000,000)	-
	Interest income	1,215,000	-
	Period end balances		
	Receivable balance	47,989,522	8,129,580
	Bank accounts maintained		
	Current account	62,633	1,341,377
	Saving accounts	78,866,278	4,602,628
CEO/Ex-MD	Transfer of vehicle as per terms of employment under car loan depreciation policy		
	Cost of vehicle	-	12,820,000
	Accumulated deprecation	-	(12,820,000)
	Book value	-	-

There are no transactions with key management personnel other than those which are under their terms of employment.

33 NUMBER OF EMPLOYEES

The number of employees as at year end was 3,583 (2014: 2,474) and average number of employees during the year was 3,028 (2014: 2,319).

34 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the year except followings:

Reclassification from:	Reclassification to:	2014 Rupees	2013 Rupees
Advance tax	Tax refund due from Government	26,834,118	10,145,606
	Other receivables	5,095,687	-
	Taxation - net	16,999,748	21,784,199
Administration expenses			
Finance cost	Finance cost	2,629	-

35 CORRECTION OF ERROR

As per IAS 39 "Financial Instruement", gain or loss on an available-for-sale financial asset shall be recognised in other comprehensive income until the financial asset is derecognised at which time the cumulative gain or loss previously recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment. In prior year, the Company erroneously classified unrealized gain on revaluation of investments classified as available for sale to profit and loss account instead of routing it through other comprehensive income. During the year, the Company has corrected this error retrospectively by accounting for the surplus on revaluation of investments at fair value as at the earliest period presented and in subsequent year transferred the surplus on revaluation of investments at fair value recognized in equity to profit and loss account upon disposal. This error has been corrected retrospectively as per the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). The effect on prior periods is tabulated below:

	Amount (Rupees)
As at December 31, 2013	
Effect on balance sheet	
Increase in surplus on revaluation of investments at fair value	2,378,037
Decrease in accumulated profit	(2,378,037)
For the year ended December 31, 2014	
Effect on other comprehensive income	
Transfer to profit and loss account on disposal of investments	(2,378,037)
Effect on profit and loss account	
Increase in other income	2,378,037

35.1 Due to application of correction of error retrospectively, the Company has presented third balance sheet at the beginning of the preceding period i.e. the opening position in accordance with requirements of IAS 1 "Presentation of Financial Statements". Notes are not required to support this balance sheet.

36 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue by the Board of Directors on 6 FEB 2015.

37 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

CHAIRMAN