

SECURITY LEASING CORPORATION LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
REVENUE			
Income from:			
Finance lease Contracts		9,185,657	26,910,982
Other operating income	25	8,364,226	9,148,837
		<u>17,549,883</u>	<u>36,059,819</u>
Unwinding of financial liability		-	(69,786,028)
		-	(69,786,028)
		<u>17,549,883</u>	<u>(33,726,209)</u>
EXPENSES			
Administrative and selling	26	(79,894,886)	(78,600,276)
Finance costs	27	(4,583,695)	(3,377,672)
Direct cost of finance leases	28	-	(1,478,500)
Provision & Write-offs	29 & 13.1	19,862,565	(16,416,375)
		<u>(64,616,016)</u>	<u>(99,872,823)</u>
Operating Profit before Income tax		<u>(47,066,133)</u>	<u>(133,599,032)</u>
Income tax expense			
- current	30	(428,000)	(1,328,000)
- deferred		18,972,712	41
		<u>18,544,712</u>	<u>(1,327,959)</u>
Loss for the period from continuing operations		<u>(28,521,421)</u>	<u>(134,926,991)</u>
Loss for the period		<u>(28,521,421)</u>	<u>(134,926,991)</u>
Loss per share	31	<u>(0.79)</u>	<u>(3.72)</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.


 SYED NAUMAN AKHTAR
 CHIEF EXECUTIVE OFFICER


 M. R. KHAN
 CHAIRMAN



AUDITORS' REPORT TO THE MEMBERS

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

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We have audited the annexed balance sheet of **SECURITY LEASING CORPORATION LIMITED (the "Company")** as at June 30, 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 as applicable in Pakistan 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 presentations of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) As described in Note 1.2 to the financial statements, the financial statements have been prepared on going concern basis. The company has incurred a loss of Rs. 28.521 million (2014: Rs. 134.927 million). As at the balance sheet date, accumulated loss of the company was Rs. 516.850 million (2014: Rs. 494.99 million) as against the issued, subscribed and paid up capital of Rs. 438.027 million (2014: Rs. 438.027 million) and current liabilities of the company exceed its current assets by Rs. 67.941 million (2014: Rs. 193.686 million). The Company is, therefore, facing operational and financial problems. There is no sufficient appropriate audit evidence that the management's plans are feasible and ultimate outcome will improve the Company's current situation. In our opinion, the going concern assumption used in the preparation of these financial statements is inappropriate, therefore, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

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- (b) The Company has recorded deferred tax asset of Rs. 346.621 million based on its future plans which projects that future taxable profit would be available against which such deferred tax assets could be utilized. However, in our view, there is no sufficient appropriate audit evidence that the management's plans are feasible and ultimate outcome will improve the Company's current situation as discussed in (a) above, therefore, sufficient future taxable profits will not be available against which deferred tax asset could be utilized. In our view, deferred tax asset should be de-recognised. Had the deferred tax asset been de-recognised, deferred tax asset and equity would have been lower by and loss for the year would have been higher by Rs. 346.621 million.
- (c) During the year, the Company has not recorded unwinding expense on financial liabilities amounting to Rs. 61.32 million. Had this expense been recorded, the financial liability would have been lower by Rs. 61.32 million and equity would have been lower by and loss for the year would have increased by Rs. 61.32 million.
- (d) In our opinion, except for the effects on the financial statements of the matters stated in paragraphs (a) to (c) above, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (e) In our opinion, except for the effects on the financial statements of the matters stated in paragraphs (a) to (c) above:
- i. the balance sheet and profit and loss account together with the notes thereon have not been drawn up in conformity with the Companies Ordinance, 1984. The balance sheet and profit and loss account 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;
- (f) In our opinion, because of the significance of the matters discussed in paragraph (a) to (c) above, 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 do not conform with approved accounting standards as applicable in Pakistan, and do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the loss, its comprehensive loss, cash flows and changes in equity for the year then ended; and



(g) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980

Adnan
Chartered Accountants
Karachi
Dated:

Engagement Partner: Adnan Zaman