

**AUDITED FINANCIAL STATEMENTS
OF
AKY SECURITIES
(PRIVATE) LIMITED
FOR THE YEAR ENDED
JUNE 30, 2020**

**Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
KARACHI, LAHORE & ISLAMABAD**



Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400, PAKISTAN.
Tel. No. : (021) 34549345-9
E-Mail : info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

INDEPENDENT AUDITORS' REPORT

To the members of AKY Securities (Private) Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **M/s. AKY Securities (Private) Limited** (the Company), which comprise the statement of financial position as at **June 30, 2020**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Cont'd... P/2



- : 2 : -

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Cont'd... P/3



Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400, PAKISTAN.
Tel. No. : (021) 34549345-9
E-Mail : info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

- : 3 : -

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980);
- the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Rafiq Dosani**.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: 05 JUL 2020

AKY SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019
ASSETS			
Non-current assets			
Property and equipment	4	2,546,818	2,721,915
Intangible asset	5	2,646,011	2,682,514
Long term deposits	6	1,500,001	1,500,000
		<u>6,692,830</u>	<u>6,904,429</u>
Current assets			
Short term investments	7	80,251,748	78,117,355
Trade debts	8	11,920,936	10,938,156
Loans and deposits	9	1,583,981	1,511,000
Taxation - net		846,704	670,702
Bank balances	10	24,869,674	25,378,378
		<u>119,473,043</u>	<u>116,615,591</u>
Total assets		<u><u>126,165,873</u></u>	<u><u>123,520,020</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorized capital</i>			
1,500,000 (2019: 1,500,000) ordinary shares of Rs. 100/- each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid up capital	11	60,000,000	118,900,000
Unappropriated profit		<u>1,621,592</u>	<u>2,845,187</u>
		<u>61,621,592</u>	<u>121,745,187</u>
Current liabilities			
Payable to shareholders	11	58,900,000	-
Trade and other payables	12	5,644,281	1,774,833
Total equity and liabilities		<u><u>126,165,873</u></u>	<u><u>123,520,020</u></u>
Contingencies and commitments	13	-	-

The annexed notes from 1 to 23 form an integral part of these financial statements.



CHIEF EXECUTIVE


DIRECTOR

AKY SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
	Note	Rupees	
OPERATING REVENUES			
Operating revenue	14	6,254,366	4,801,059
Capital gain on sale of investments - net		1,592,453	304,871
		<u>7,846,819</u>	<u>5,105,930</u>
EXPENDITURES			
Administrative and general expenses	15	(5,479,732)	(5,003,975)
Operating (loss) / profit		<u>2,367,087</u>	<u>101,955</u>
Other income	16	1,900,292	2,025,888
Unrealized loss on remeasurement of investments to fair value - net		(4,730,948)	(29,098,093)
Loss before taxation		<u>(463,569)</u>	<u>(26,970,250)</u>
Taxation	17	(760,026)	(426,111)
Loss after taxation		<u><u>(1,223,595)</u></u>	<u><u>(27,396,361)</u></u>

The annexed notes from 1 to 23 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

AKY SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	Rupees	
Loss after taxation	(1,223,595)	(27,396,361)
Other comprehensive loss		
<i>Items that will not subsequently be reclassified to profit or loss</i>		
Total comprehensive loss for the year	<u>(1,223,595)</u>	<u>(27,396,361)</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

AKY SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid up capital	Unappropriated profit	Surplus on remeasurement of investments	Total
	Rupees			
Balance as at June 30, 2018	118,900,000	10,949,154	19,292,394	149,141,548
<i>Total comprehensive income for the year ended June 30, 2019</i>				
- Loss after taxation	-	(27,396,361)	-	(27,396,361)
- Other comprehensive loss	-	-	-	-
	-	(27,396,361)	-	(27,396,361)
Reclassification of surplus on investment upon reclassification of long term investment to short term investment	-	19,292,394	(19,292,394)	-
Balance as at June 30, 2019	118,900,000	2,845,187	-	121,745,187
<i>Total comprehensive income for the year ended June 30, 2020</i>				
- Loss after taxation	-	(1,223,595)	-	(1,223,595)
Transaction with Owners				
Reduction in paid up capital	(58,900,000)	-	-	(58,900,000)
Balance as at June 30, 2020	60,000,000	1,621,592	-	61,621,592

The annexed notes from 1 to 23 form an integral part of these financial statements.




CHIEF EXECUTIVE


DIRECTOR

AKY SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	Rupees	
Loss before taxation	(463,569)	(26,970,250)
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Adjustment for non cash items:</i>		
Depreciation expense	220,512	256,197
Amortization charge	36,503	45,628
Net unrealized gain / (loss) on remeasurement of investments	4,730,948	29,098,093
	<u>4,987,963</u>	<u>29,399,918</u>
Operating cash flows before working capital changes	4,524,394	2,429,668
<i>(Increase)/decrease in current assets</i>		
Trade debts	(982,780)	(6,270,520)
Loans and deposits	(72,981)	(713,300)
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	3,869,448	(7,829)
	<u>2,813,687</u>	<u>(6,991,649)</u>
	7,338,081	(4,561,981)
Taxes paid	(936,029)	(681,484)
Net cash used in operating activities	<u>6,402,052</u>	<u>(5,243,465)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale / (purchase) of investments in quoted equity securities- net	(6,865,341)	(4,341,240)
Capital expenditure	(45,415)	(62,040)
Net cash generated from / (used in) investing activities	<u>(6,910,756)</u>	<u>(4,403,280)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (decrease) / increase in cash and cash equivalents during the year	(508,704)	(9,646,745)
Cash and cash equivalents at the beginning of the year	25,378,378	35,025,123
Cash and cash equivalents at the end of the year	<u>24,869,674</u>	<u>25,378,378</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

AKY SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 STATUS AND NATURE OF BUSINESS

1.1 AKY Securities (Private) limited ("the Company") was incorporated as a private limited company in Pakistan on 01 November 2005 under the Companies Ordinance, 1984 (now superseded by the Companies Act, 2017 which was enacted in May, 2017). The Company is a corporate member of Pakistan Stock Exchange Limited. The Company is a TREC holder of Pakistan Stock Exchange Limited. The company is engaged in business of securities brokerage and IPO. The registered office of the Company is located at Room no. 48, Stock Exchange Building, Pakistan Stock Exchange Road, Karachi.

1.2 Impact of COVID-19 on these financial statements

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020 in line with the government directives. This situation posed a range of business and financial challenges to business globally and across various sectors including financial markets in Pakistan. The management had analysed the events as these are indicative of conditions for a review of recoverable amounts of assets of the Company and consequently concluded that there is no significant change in recoverable amounts of Company's assets at the reporting date. Further, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period also.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investments in quoted equity securities which are measured at fair value.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires 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.

pm

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policy are as follows:

- Provision for taxation
- Provision for doubtful trade receivables

2.5 New standards, amendments to approved accounting and reporting standards and new interpretations

2.5.1 New standards, amendments and interpretation to published accounting and reporting standards which became effective during the year ended June 30, 2020

The Company has adopted the following amendments, interpretations and improvements to International Financial reporting standards (IFRS) which became effective during the year;

New standards and amendments

IFRS 9	Prepayment features with negative compensation (Amendment)
IFRS 14	Regulatory deferral accounts
IFRS 16	Leases
IFRS 16	COVID 19 related rent concessions (Amendments)
IFRS 19	Plan amendment, curtailment or settlement (Amendments)
IFRS 28	Long term interest in associate and joint ventures (Amendments)
IFRIC 23	Uncertainty over income tax treatments

Improvement to accounting standards issued by IASB (2015-17 cycle)

IFRS 03	Business combination - Previously held interest In a joint operation
IFRS 11	Joint arrangements - Previously held interest In a joint operation
IAS 12	Income taxes - Income tax consequence of payments on financial instruments classified as equity
IAS 23	Borrowing cost - borrowing cost eligible for capitalisation

The adoption of the above standards, amendments and improvement to accounting standards did not have any material effect on the Company's financial statements.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

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

	Effective date
Amendments to IFRS 3, 'Business Combinations'	January 01, 2020
Amendments to IAS 1, 'Presentation of financial statements'	January 01, 2020
Amendments to IAS 8, 'Accounting policies, change in estimate and error'	January 01, 2020
Amendments to IFRS 9 and 7 'Financial Instruments' - Disclosures	January 01, 2020
Amendments to IFRS 16, 'Leases'	June 01, 2020
IFRS 17, 'Insurance Contracts'	January 01, 2023
Amendments to IAS 16, 'Property, plant and equipments'	January 01, 2022
Amendments to IAS 37, 'Provisions, Contingent liabilities and assets'	January 01, 2022

The above standards and amendments are not expected to have any material impact on the Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and equipment

Items of property and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs.

Where major components of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Subsequent costs are included in the carrying amount or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Disposal of an item of property and equipment is recognised when significant risks and rewards incidental to ownership have been transferred to the buyer. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expenses/income' in the statement of profit and loss.

Depreciation is charged to the statement of profit or loss using reducing balance method at the rates given in note 4. Depreciation on additions is charged from date asset is in location and condition for it to be capable to be operated in the manner as intended by management and ceases on the date of disposal.

3.2 Intangible assets

An intangible asset is recognised as an asset if it is probable that the economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Trading Rights Entitlement (TRE) Certificate

This is stated at cost less impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

Computer software

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the reducing balance method over assets estimated useful life at the rates stated in note 5, after taking into account residual value, if any. The residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortization is charged from the date the assets are put to use while no amortization is charged after the date when the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the statement of profit or loss account.

3.3 Impairment of non-financial assets

Assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

m

3.4 Financial assets

3.4.1 Classification and initial measurement

The Company classifies its financial assets in the following three categories:

- (a) financial assets measured at amortized cost.
- (b) fair value through other comprehensive income (FVOCI);
- (c) fair value through profit or loss (FVTPL); and

(a) *Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) *Financial assets at FVOCI*

A financial asset is classified as at fair value through other comprehensive income when either:

- (a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or
- (b) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) *Financial assets at FVTPL*

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

3.4.2 Subsequent measurement

(a) *Financial assets measured at amortized cost*

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit and loss.

W

(b) *Financial assets at FVOCI*

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) *Financial assets at FVTPL*

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit and loss.

3.4.3 Impairment

The Company's financial assets that are subject to the impairment provisions of IFRS 9 include long term deposits, trade receivables and short term advances and receivables.

The Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Company measures expected credit losses on trade receivables in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in statement of profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

3.4.4 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.5 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.6 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously.

m

3.7 Trade debts

Trade debts are carried at their initial transaction price less the lifetime expected credit loss allowance.

3.8 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include balance held with banks and short term borrowings, if any.

3.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date.

3.10 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

3.11 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred

Deferred tax is recognised using balance sheet liability method, providing for all temporary differences between 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 be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.13 Revenue recognition

- Brokerage commission revenue is recognised at the point in time when the related performance obligation is satisfied i.e. when the transaction is settled at the clearing house.

m

- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.
- Dividends are received from investments measured at fair value through profit or loss and at fair value through other comprehensive income. Dividends are recognized in profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

3.14 Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred except where such costs are directly attributable to the acquisition or construction of qualifying asset in which such costs are capitalized as part of the cost of that asset.

4 PROPERTY AND EQUIPMENT

	Furniture and Fixtures	Office Equipment	Computer	Offices at PSX	Total
As at June 30, 2018					
Cost	865,200	220,865	2,023,129	4,200,000	7,309,194
Accumulated depreciation	(622,688)	(163,868)	(1,708,392)	(1,898,174)	(4,393,122)
Net book value	<u>242,512</u>	<u>56,997</u>	<u>314,737</u>	<u>2,301,826</u>	<u>2,916,072</u>
<i>Movement during the year ended June 30, 2019</i>					
Opening net book value	242,512	56,997	314,737	2,301,826	2,916,072
Addition during the year	-	9,390	52,650	-	62,040
Depreciation for the year	(24,251)	(6,639)	(110,216)	(115,091)	(256,197)
Closing Net Book Value	<u>218,261</u>	<u>59,748</u>	<u>257,171</u>	<u>2,186,735</u>	<u>2,721,915</u>
As at June 30, 2019					
Cost	865,200	230,255	2,075,779	4,200,000	7,371,234
Accumulated depreciation	(646,939)	(170,507)	(1,818,608)	(2,013,265)	(4,649,319)
Net book value	<u>218,261</u>	<u>59,748</u>	<u>257,171</u>	<u>2,186,735</u>	<u>2,721,915</u>
<i>Movement during the year ended June 30, 2020</i>					
Opening net book value	218,261	59,748	257,171	2,186,735	2,721,915
Additions during the year	-	-	45,415	-	45,415
Depreciation for the year	(21,826)	(5,975)	(83,374)	(109,337)	(220,512)
Closing Net Book Value	<u>196,435</u>	<u>53,773</u>	<u>219,212</u>	<u>2,077,398</u>	<u>2,546,818</u>
As at June 30, 2020					
Cost	865,200	230,255	2,121,194	4,200,000	7,416,649
Accumulated depreciation	(668,765)	(176,482)	(1,901,982)	(2,122,602)	(4,869,831)
Net book value	<u>196,435</u>	<u>53,773</u>	<u>219,212</u>	<u>2,077,398</u>	<u>2,546,818</u>
Annual rate of depreciation	10%	10%	30%	5%	

5	INTANGIBLE ASSETS	Note	2020	2019
			Rupees	
	<i>Trading Rights Entitlement (TRE) Certificate-</i>			
	Pakistan Stock Exchange Limited-at cost		22,386,240	22,386,240
	Accumulated impairment		(19,886,240)	(19,886,240)
		5.1	2,500,000	2,500,000
	Computer software	5.2	146,011	182,514
			2,646,011	2,682,514

5.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012, the Company received a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of PSX. These have been carried at cost less impairment.

5.2	Computer software	Note	2020	2019
			Rupees	
	Cost			
	Opening as at July 1		398,709	398,709
	Additions during the year		-	-
	Closing balance		398,709	398,709
	Accumulated amortization			
	Opening as at July 1		(216,195)	(170,567)
	Charge for the year		(36,503)	(45,628)
	Closing balance		(252,698)	(216,195)
	Net book value as at June 30		146,011	182,514
	Amortisation rate		20%	20%

6 LONG TERM DEPOSITS

Deposit with;

Pakistan Stock Exchange Limited	200,001	200,000
National Clearing Company of Pakistan Limited	1,200,000	1,200,000
Central Depository Company of Pakistan Limited	100,000	100,000
	1,500,001	1,500,000

7 SHORT TERM INVESTMENTS

At fair value through profit or loss

Cost of investments	67,735,731	60,870,390
Accumulated remeasurement	12,516,017	17,246,965
Investment in quoted securities	80,251,748	78,117,355

7.1 Total value of pledged securities with financial institutions indicating separately securities belonging to customers is as follows;

	2020	2019
	Rupees	
a) <i>Pledged with PSX and NCCPL</i>		
Brokerage House	33,374,845	18,834,850

8	TRADE DEBTS	Note	2020 Rupees	2019
	Considered good	8.1	<u>11,920,936</u>	<u>10,938,156</u>

- 8.1 This includes receivable from related parties amounting to Rs. 11.89 million (2019: Rs.10.57 million). The maximum aggregate amount outstanding at any time during the year with reference to month-end balances is Rs. 17.85 million.

9	LOANS AND DEPOSITS	Note	2020 Rupees	2019
	Loan to Staff		-	11,000
	Exposure deposit with NCCPL		500,000	500,000
	Deposit against Base minimum capital		1,000,000	1,000,000
	Other receivables		83,981	-
			<u>1,583,981</u>	<u>1,511,000</u>

10	BANK BALANCES			
	Cash at bank - Current accounts		4,105,674	1,317,614
	Cash at bank - Deposit accounts		20,764,000	24,060,764
		10.1	<u>24,869,674</u>	<u>25,378,378</u>

- 10.1 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 4.10 million (2019: Rs.1.31 million).

11 ISSUED SUBSCRIBED AND PAID UP CAPITAL

2020 (Number of shares)	2019 (Number of shares)		2020 Rupees	2019
523,000	1,112,000	Ordinary shares of Rs.100/- each fully paid other than cash	52,300,000	111,200,000
77,000	77,000	Ordinary shares of Rs.100/- each fully paid in cash	7,700,000	7,700,000
<u>600,000</u>	<u>1,189,000</u>		<u>60,000,000</u>	<u>118,900,000</u>

- 11.1 Shareholders holding more than 5% of the shares are as follows:

Categories of shareholders	2020		2019	
	Number of shares held	% of Shares held	Number of shares held	% of Shares held
<i>Individuals</i>				
Abdul kadir Yousuf	597,500	99.58%	1,186,500	99.79%
Amin Yousuf	1,000	0.17%	1,000	0.08%
Yousuf Rahmatullah	1,000	0.17%	1,000	0.08%
Muhammad Salim Yousuf	500	0.08%	500	0.04%
	<u>600,000</u>	<u>100.00%</u>	<u>1,189,000</u>	<u>100.00%</u>

11.2 There is no agreement for voting rights, board selection, rights of first refusal and block voting with shareholders.

11.3 During the year, the Company applied to the Honorable High Court for reduction in paid up capital which was granted by the Honorable high Court Vide Order dated 27.11.2019. The Company has not yet paid the said amount to shareholders as at year end and accordingly recorded as liability.

	2020	2019
	Rupees	
12 TRADE AND OTHER PAYABLES		
Creditors	4,105,674	1,317,613
Sales tax payable	37,686	30,873
Others	498,817	426,347
Profit withheld	1,002,104	-
	<u>5,644,281</u>	<u>1,774,833</u>
13 CONTINGENCIES AND COMMITMENTS		
As of the reporting date, the Company was not exposed to any material contingencies and commitments (2019: None).		
	2020	2019
	Rupees	
14 OPERATING REVENUE		
Brokerage commission	1,793,983	960,334
Dividend income	4,460,383	3,840,725
	<u>6,254,366</u>	<u>4,801,059</u>
15 ADMINISTRATIVE EXPENSES		
Salaries And Benefits	2,687,000	2,714,163
Staff Bonus	221,000	208,883
Commission expenses	156,752	111,995
PSX service charges	81,009	167,268
NCCPL charges	89,114	68,500
CDC charges	86,152	93,205
Utility expenses	199,295	218,728
Printing and stationary	69,888	27,056
Communication charges	35,618	36,612
Travelling and conveyance	20,570	1,150
Legal and professional	-	245,717
Fees and subscription	760,324	434,820
Auditors' remuneration- Audit fee	300,000	208,900
Repair & Maintenance	7,500	53,100
Depreciation	220,512	256,197
Amortization'	36,503	45,628
General expenses	284,725	94,710
Rent expense	188,943	-
Bank charges	34,827	17,343
	<u>5,479,732</u>	<u>5,003,975</u>
16 OTHER INCOME		
Profit on bank deposit	1,764,286	1,880,491
Other	136,006	145,397
	<u>1,900,292</u>	<u>2,025,888</u>

		2020	2019
	Note	Rupees	
17 TAXATION			
Current	17.1	<u>760,026</u>	<u>426,111</u>
17.1 Relationship between tax expense and accounting loss			
Profit / (loss) before taxation		<u>(463,569)</u>	<u>(26,970,250)</u>
Tax at the applicable rate of 29% (2019: 29%)		<u>(134,435)</u>	<u>(7,821,373)</u>
Tax effect of income taxed under FTR / exempt		<u>894,461</u>	<u>8,967,274</u>
Tax effect of income taxed at lower rate		<u>-</u>	<u>(719,790)</u>
		<u>760,026</u>	<u>426,111</u>

- 17.2** The income tax assessments of the Company have been finalised up to and including the tax year 2019. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for re-assessment by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for the purpose of issuing an amended assessment order.

18 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including certain benefits to Directors and Chief Executive of the Company, are as follows:

	Chief Executive		Directors		Total	
	2020	2019	2020	2019	2020	2019
	Rupees					
Managerial remuneration	1,170,000	1,197,996	-	-	1,170,000	1,197,996
Bonus	97,500	-	-	-	97,500	-
	<u>1,170,000</u>	<u>1,197,996</u>	<u>-</u>	<u>-</u>	<u>1,170,000</u>	<u>1,197,996</u>
Number of persons	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>		

19 RELATED PARTY TRANSACTIONS

Related parties comprise of directors, key management personnel and their close family members. Remuneration to key management personnel are in accordance with their terms of employment.

Details of transactions entered into and balances held with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

No commission has been charged on trading of shares from directors and his close family members.

	2020	2019
	Rupees	
<i>Key management personnel</i>		
Brokerage commission from sale / purchase of securities	873,306	181,048

	2020	2019
	Rupees	
20 FINANCIAL INSTRUMENTS		
20.1 Financial instruments by category		
Financial assets		
<i>At fair value through profit or loss</i>		
Short term investments	80,251,748	78,117,355
<i>At amortized cost</i>		
Long term deposits	1,500,001	1,500,000
Trade debts	11,920,936	10,938,156
Loans and deposits	1,583,981	1,511,000
Bank balances	24,869,674	25,378,378
	<u>120,126,340</u>	<u>117,444,889</u>
Financial liabilities		
<i>At amortised cost</i>		
Trade and other payables	<u>4,604,491</u>	<u>1,743,960</u>

20.2 Financial risk analysis and management

The Company is exposed to a variety of financial risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. All related transactions are carried out within the parameters of these policies.

a) Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of three types of risks: foreign currency risk, price risk and interest rate risk. The market risks associated with the Company's business activities are discussed as under:

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As of the reporting date, the Company was not exposed to any foreign currency risk as all its transactions were carried out in Pak Rupees.

ii) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up 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 or similar financial instruments traded in the market.

As of the reporting date, the Company was exposed to equity price risk since, as of that date (i) it had investments in quoted equity securities and (ii) it held collaterals in the form of equity shares in respect of trade receivables from clients. The Company manages the equity price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies which includes disposing of owned equity instruments and securities held as collateral before it led the Company to incur significant mark-to-market and credit losses.

Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, the amount realized on sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes the Company's equity price risk as of June 30, 2020 and June 30, 2019 and shows the effects of a hypothetical 5% increase and a 5% decrease in market prices as at the reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

	Fair value	Hypothetical price change	Hypothetical increase / (decrease) in equity
June 30, 2020	80,251,748	5% change	4,012,587
June 30, 2019	78,117,355	5% change	3,905,868

(iii) **Interest rate risk**

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

At reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2020	2019	2020	2019
	-----Effective interest rate (%)-----		----Carrying amount (Rs.)----	
Financial assets				
Balances in deposit accounts	3.5% -4.5%	4.50%	<u>24,060,764</u>	<u>24,060,764</u>

Sensitivity analysis

Fair value sensitivity

The Company does not account for any fixed rate financial assets and liabilities at fair value. Therefore, a change in interest rate will not affect the fair value of any financial instrument.

b) **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, possibility of default by investors, and or failure of the financial markets, depositors, settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery. The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and other factors, and obtains necessary collaterals to reduce credit risks. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is past due for 90 days or more.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

The carrying amount of financial assets as disclosed in note 20.1 represent the maximum credit exposure at the reporting date.

c) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities:

	2020			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial liabilities				
Trade and other payables	5,644,281	5,644,281	5,644,281	-

	2019			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial liabilities				
Trade and other payables	1,774,833	1,774,833	1,774,833	-

20.3 Fair value hierarchy

The Company measures the fair value of its investments in equity instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at the reporting dates, the fair value hierarchy of all the Company's financial assets measured at fair value falls under level-1 hierarchy. Further, there were no transfer between different level.

21 CAPITAL ADEQUACY LEVEL AND CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. 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.

21.1 Capital adequacy level

As of the reporting date, the Capital Adequacy Level of the Company was as follows:

	2020	2019
	Rupees	
Total assets	126,165,873	123,520,020
Total liabilities	5,644,281	1,774,833
Surplus on revaluation of fixed assets	-	-
Capital Adequacy Level	131,810,154	125,294,853

- 21.1.1 While determining the value of the total assets of the TREC Holder, notional value of the TRE Certificate as at as determined by Pakistan Stock Exchange has been considered.

21.2 Net capital balance

Net capital and Liquid capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows;

m

DESCRIPTION	VALUATION	RUPEES
<u>CURRENT ASSETS</u>		
Cash and Bank Balances	As per Book Value	25,369,674
Trade Receivables	Book Value less overdue for more than 14 days	4,277,434
Investment in listed securities in the name of broker.	Securities marked to market less 15% discount	53,042,138
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	6,764,776
Listed TFCs/Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan	Marked to market less 10% discount.	-
FIBs	Marked to market less 5% discount.	-
Treasury Bill	At market value	-
		<u>89,454,022</u>
<u>CURRENT LIABILITIES</u>		
Trade Payables	Book value less overdue for more than 30 days	1,012,277
Other Liabilities	As per Book values	63,532,004
		<u>64,544,281</u>
NET CAPITAL BALANCE AS AT JUNE 30, 2020		<u>24,909,741</u>

Notes to the Net Capital Balance

	Rupees
1 Cash and bank balances	
Cash in hand	-
Exposure deposit	500,000
Bank balance pertaining to clients	4,105,674
Bank balance pertaining to brokerage house	20,764,000
	<u>25,369,674</u>
2 Trade receivables	
Book Value	11,920,936
Less: overdue for more than 14 days	(7,643,502)
	<u>4,277,434</u>
3 Investment in Listed Securities in the name of broker	
Securities marked to market	62,402,515
Less 15%	(9,360,377)
	<u>53,042,138</u>
4 Securities purchased for client	
Overdue balance for more than 14 days	7,643,502
Lower of overdue balance and securities held against such balance	6,764,776
	<u>6,764,776</u>
5 Trade payables	
Book value	4,105,674
Less: overdue for more than 30 days	(3,093,397)
	<u>1,012,277</u>
6 Other liabilities	
Creditors overdue for more than 30 days	3,093,397
Accrued Liabilities and Other Payables	1,538,607
Payable to shareholders	58,900,000
	<u>63,532,004</u>

21.3 Liquid capital balance

The Liquid Capital Balance as required under Third Schedule of Securities Brokers (Licensing and Operations) Regulation 2016, read with SECP guidelines is calculated as follows;

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	2,546,818	100.00%	-
1.2	Intangible Assets	2,646,011	100.00%	-
1.3	Investment in Govt. Securities	-	-	-
1.4	Investment in Debt. Securities	-	-	-
	If listed than:	-	-	-
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	If unlisted than:	-	-	-
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
	Investment in Equity Securities	-	-	-
1.5	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	62,402,513	10,048,338	52,354,175
	ii. If unlisted, 100% of carrying value.	-	100.00%	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	17,849,235	100.00%	-
1.6	Investment in subsidiaries	-	100.00%	-
1.7	Investment in associated companies/undertaking	-	-	-
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	3,000,001	100.00%	-
1.9	Margin deposits with exchange and clearing house.	-	-	-
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	-	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	-	-	-
	Receivables other than trade receivables	930,685	100.00%	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.16	Receivables from clearing house or securities exchange(s)			
	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	ii. Receivable on entitlements against trading of securities in all markets including MtM gains.	-	-	-
1.17	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut.	-	-	-
	<i>i. Lower of net balance sheet value or value determined through adjustments.</i>			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value.	-	5.00%	-
	<i>ii. Net amount after deducting haircut</i>			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract,	-	-	-
	<i>iii. Net amount after deducting haircut</i>			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	-	-	-
	<i>iv. Balance sheet value</i>			
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.	33,087	7,315	25,772
	<i>v. Lower of net balance sheet value or value determined through adjustments</i>			
	<i>vi. 100% haircut in the case of amount receivable from related parties.</i>	11,887,849	100.00%	-
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	20,764,000	-	20,764,000
	ii. Bank balance-customer accounts	4,105,674	-	4,105,674
	iii. Cash in hand	-	-	-
1.19	Total Assets	126,165,873		77,249,621

2. Liabilities

2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	4,105,674	-	4,105,674
2.2	Current Liabilities			
	i. Statutory and regulatory dues	37,686	-	37,686
	ii. Accruals and other payables	60,400,921	-	60,400,921
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Non-Current Liabilities			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease	-	-	-
	b. Other long-term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
2.3	haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.	-	-	-
	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	Subordinated Loans	-	-	-
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.	-	-	-
	ii. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.5	Total Liabilities	64,544,281		64,544,281
3. Ranking Liabilities Relating to :				
3.1	Concentration in Margin Financing The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
3.2	Concentration in securities lending and borrowing The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3	Net underwriting Commitments (a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting (b) in any other case : 12.5% of the net underwriting commitments	-	-	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Negative equity of subsidiary			
3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
	Foreign exchange agreements and foreign currency positions			
3.5	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
	Repo adjustment			
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser	-	-	-
	Concentrated proprietary positions			
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	-	-
	Opening Positions in futures and options			
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/pledged with securities exchange after applying VaR haircuts	-	-	-
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-
	Short sell positions			
3.10	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Ranking Liabilities	-	-	-
		61,621,592	Liquid Capital	12,705,340

NUMBER OF EMPLOYEES

Total number of employees as at year end

Average number of employees during the year

2020

2019

-----Number-----

5

5

5

5

23 GENERAL

- 23.1 These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 05 OCT 2020.
- 23.2 The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation.
- 23.3 Figures have been rounded off to the nearest rupee.

in



CHIEF EXECUTIVE



DIRECTOR