SECURITIES

MGM SECURITIES (Pvt.) LTD.
Trading Right Entitlement Certificate (TREC) Holder
Pakistan Stock Exchange Limited

DIRECTOR'S REPORT

On behalf of the Board of Directors of **"MGM SECURITIES (PRIVATE) LIMITED"** (the company), I am pleased to present our report, the audited financial statements and auditor's report for the year ended June 30, 2020.

The company in consistency with the last year has shown positive results in the current year too. During the year the company earned a profit of Rs. 35,75,800/- as against the profit of Rs. 616,703/- in the year 2019.The huge increase in the profits is the manifest of hearty efforts put up by the company management and the staff.

Future outlook:

The management is of the view that despite the current threats to the economy in the shape of high inflation rate, COVID-19 pandemic, political instability the market fundamentals stay strong and bring hopes of survival during this hard span of operations. Therefore, company shall be able maintain its performance.

Profit Appropriations:

No dividend was declared and nor any other appropriations were made by the company.

Acknowledgement:

In the end we would like to thanks and appreciate the cooperation and dedication of the company's executive and staff devoted in the smooth management of company's affairs.

On behalf of the board

MGM Securities (Pvt) Ltd. TREC HOLDER Code-296 Pakistan Stock Exchange

GHULAM MOHI UD DIN
CHIEF EXECUTIVE
Lahore. October 07, 2020

HEAD OFFICE:
Room No. G-10 Ground Floor,
LSE Plaza,
19-Khyaban-e-Aiwan-e-Iqbal,
Lahore-54000, Pakistan.
Tel: 042-36279181-36279182,
36280761, Fax: 042-36372475
mgmsecurities@yahoo.com
www.mgm-lse.com

FAISALABAD
Room No. 522, 5th Floor,
State Life Building,
Liaquat Bazar, Faisalabad.
Phone: 041-2601994-7

INDEPENDENT AUDITORS' REPORT
To the members MGM Securities (Private) Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **MGM 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, 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, 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 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 profit, other comprehensive income, 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.

Information Other Than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be

79 C-1 GULBERG III, LAHORE, Pakistan.
Tel: +92(0)321-8445673, 0336-4740000, Email: aslam.fca@gmail.com, URL: www.iecnet.com.pk
Other Offices: Karachi – Peshawar – Islamabad

materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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 accounting and reporting standards as applicable in Pakistan and the requirements of the 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.

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 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.

Report on Other Legal and Regulatory Requirements

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

a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) 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;

c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;

d) No zakat was deductible at source under the zakat and Ushr Ordinance, 1980 (XVIII of 1980); and

e) 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 Financial Statements was prepared.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Muhammad Aslam Khan.

Iecnet sksss

IECnet S.K.S.S.S.
Chartered Accountants
Lahore

Date: September 25, 2020

MGM SECURITIES (PRIVATE) LIMITED

Financial Statements

For the Year Ended 30 June 2020

MGM SECURITIES (PRIVATE) LIMITED

Statement of Financial Position

As at 30 June, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non-current assets			
Property and equipment	6	8,086,613	8,648,870
Intangible assets	7	5,042,008	5,042,008
Long term investments	8	19,605,540	19,158,233
Long term deposits	9	1,511,000	1,511,000
		34,245,161	**34,360,110**
Current assets			
Trade debts-net	10	3,925,269	1,932,815
Prepayments & advances	11	24,434,673	15,912,098
Short term investment	12	-	457,500
Cash and bank balances	13	42,074,661	41,342,857
		70,434,603	**59,645,269**
		104,679,765	**94,005,380**
EQUITY & LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	14	35,000,000	35,000,000
Capital Reserve			
Unrealized surplus / (deficit) on re-measurement of investments measured at FVOCI		20,567,845	20,120,539
Revenue reserve			
Unappropriated profit		17,024,632	13,448,831
Total equity		**72,592,477**	**68,569,370**
Non-current liabilities			
Finance lease liability	15	-	268,595
		-	268,595
Current liabilities			
Trade and other payables	16	31,842,196	23,063,076
Current portion of long term liabilities		245,091	632,099
Current tax liability	17	-	1,472,240
		32,087,287	25,167,415
Contingencies and commitments	18	-	-
		104,679,765	**94,005,380**

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

Chief Executive Officer

Chartered Accountants

Director

MGM SECURITIES (PRIVATE) LIMITED

Statement of Profit or Loss

For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
Operating revenue	19	19,187,437	13,187,380
Gain/(loss) on sale of short term investments		(87,258)	(957,311)
Unrealized gain/(loss) on remeasurement of investments classified at FVTPL		-	(140,543)
		19,100,179	12,089,525
Other income and losses	20	3,323,801	2,419,626
Operating and administrative expenses	21	(14,362,396)	(12,648,779)
Operating profit / (loss)		**8,061,584**	**1,860,372**
Other operating expenses	22	(140,598)	
Finance costs	23	(114,825)	(177,027)
Profit / (loss) before taxation		7,806,161	1,683,346
Income tax expense	24	4,230,361	1,066,643
Profit/(loss) for the year		**3,575,800**	**616,703**
Earnings/(loss) per share - basic	25	**10.22**	**1.76**

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

Chief Executive Officer

Chartered Accountants

Director

MGM SECURITIES (PRIVATE) LIMITED

Statement of Cash Flows

For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**7,806,161**	**1,683,346**
Adjustments:			
Depreciation and impairment		596,757	644,921
Provision for doubtful debts		281,261	101,767
Realized loss / (gain) on sale of short-term investments		87,258	957,311
Unrealized loss / (gain) on short-term investments		-	140,543
Interest income		-	(1,928,552)
Finance charges		114,825	177,027
		1,080,100	**93,016**
Operating profit before working capital changes		**8,886,262**	**1,776,362**
(Increase)/decrease in current assets			
Trade debts-net		(2,273,716)	2,636,645
Loans and advances		-	4,000
Prepayments & advances		(12,974,451)	6,129,582
Increase/(decrease) in current liabilities			
Trade and other payables		8,779,120	(3,994,177)
Increase in current portion of lease liability		(387,008)	39,925
		(6,856,054)	**4,815,975**
Cash generated from / (used in) operations		**2,030,208**	**6,592,336**
Proceeds from net sales of / (acquisition of) short-term investments		370,242	72,536
Interest income		-	1,928,552
Finance charges paid		(114,825)	(177,027)
Taxes paid		(1,250,725)	(2,092,290)
		(995,308)	**(268,228)**
Net cash from operating activities		**1,034,900**	**6,324,108**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(34,500)	(29,650)
Proceeds from sales of fixed assets		-	-
Decrease in long-term deposits		-	193,000
Net cash generated from / (used in) investing activities		**(34,500)**	**163,350**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	-
Settlement of lease liability		**(268,595)**	**(670,367)**
Net cash generated from / (used in) financing activities		**(268,595)**	**(670,367)**
Net (decrease)/increase in cash and cash equivalents		**731,805**	**5,817,091**
Cash and cash equivalents at the beginning of the year		**41,342,856**	**35,525,764**
Cash and cash equivalents at the end of the year	15	**42,074,661**	**41,342,857**

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

Chief Executive Officer

S.K.S.S. Chartered Accountants IECS

Director

MGM SECURITIES (PRIVATE) LIMITED

Statement of Comprehensive Income

For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
Profit/(loss) for the year		3,575,800	616,703
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Unrealized gain / (loss) during the period in the market value of investments measured at FVOCI		447,307	3,899,165
Items that may subsequently be reclassified to profit or loss			
Fair value gain on remeasurement of TREC		-	-
Total comprehensive income/(loss) for the year		**4,023,107.23**	**4,515,867**

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

Chief Executive Officer

Director

MGM SECURITIES (PRIVATE) LIMITED

Statement of Changes in Equity

For the year ended June 30, 2020

	Issued, subscribed and paid-up capital	Unappropriated profit/ (loss)	Unrealized surplus / (deficit) on re-measurement of investments measured at FVOCI	Total
	....................Rupees....................			
Balance as at July 1, 2018	18,500,000	29,332,129	16,221,373	64,053,502
Total comprehensive income for the year				
Profit for the year	-	616,703	-	616,703
Issuance of bonus shares	16,500,000	(16,500,000)	-	-
Other comprehensive income/(loss)	-	-	3,899,165	3,899,165
	16,500,000	**(15,883,297)**	**3,899,165**	**4,515,867**
Balance as at June 30, 2019	**35,000,000**	**13,448,831**	**20,120,538**	**68,569,369**
Total comprehensive income for the year				
Profit for the year	-	3,575,800	-	3,575,800
Issuance of bonus shares	-		-	-
Other comprehensive income/(loss)	-	-	447,307	447,307
	-	**3,575,800**	**447,307**	**4,023,107**
Balance as at June 30, 2020	**35,000,000**	**17,024,632**	**20,567,845**	**72,592,476**

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

Chief Executive Officer

Chartered Accountants

Director

MGM SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

MGM Securities (Private) Limited (the "Company") was incorporated in Pakistan on October 27, 2003 as a private limited company, limited by shares, under the Companies Ordinance, 1984 . The Company's registered office is situated at Ground Floor Office No. 10 Stock Exchange Building, 19 Khayaban-e-Aiwan-e-Iqbal, Lahore. The Company is a holder of Trading Rights Entitlement Certificate ("TREC") of Pakistan Stock Exchange Limited. The Company is principally engaged in the business of investment advisory, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

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. The accounting and reporting standards as applicable in Pakistan comprises of:

- Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, and relevant provisions of the Securities Brokers (Licensing and Operations) Regulations 2016 (the "Regulations").

In case requirements differ, the provisions or directives of the Companies Act, 2017 and/or the Regulations shall prevail.

2.2. Accounting convention

These financial statements have been prepared under the historical cost convention, except:

- Investments in quoted equity securities (whether classified as assets at fair value through profit or loss, or at fair value through other comprehensive income), which are carried at fair value;
- Investments in unquoted equities, measured at fair value through other comprehensive income;
- Investments in associates, which are recorded in accordance with the equity method of accounting for such investments; and
- Derivative financial instruments, which are marked-to-market as appropriate under relevant accounting and reporting standards.

2.3. Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4. Accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are continually evaluated and are based on historical experience as well as expectations of future events and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements, are as follows:

(i) Estimates of useful lives and residual values of items of property, plant and equipment (Note 5);
(ii) Estimates of useful lives of intangible assets (Note 6);
(iii) Fair values of unquoted equity investments (Note 7);
(iv) Classification, recognition, measurement / valuation of financial instruments (Note 4.5); and
(v) Provision for taxation (Note 16)

2.5. New standards, amendments / improvements to existing standards (including interpretations thereof) and forthcoming requirements

2.5.1. Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2020

During the year, certain new accounting and reporting standards/amendments/interpretations became effective and applicable to the Company. However, since such updates) were not considered to be relevant to the Company's financial reporting, the same have not been disclosed here.

2.5.2. New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective.

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the date specified below;

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The application of the amendment is not likely to have an impact on the Company's financial statements.

- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards. The amendments are not likely to affect the financial statements of the Company.

- Interest rate benchmark reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after January 01, 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has, in turn, led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

– Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b. any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
c. there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the financial statements of the Company.

1. Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 01, 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Company.

2. Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.

3. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after January 01, 2022 clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment

to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

2.5.3. Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are not likely to affect the financial statements of the Company.

3. INITIAL APPLICATION OF IFRS 16

An overview of the new lease accounting requirements for lessees

With effect from July 01, 2019, the Company has adopted the International Financial Reporting Standard (IFRS) 16 Leases which replaced the previous lease accounting requirements contained in IAS 17 Leases, IFRIC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC Interpretation 15 Operating Leases—Incentives and SIC Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single on-balance sheet lease accounting model for lessees whereby, at the date of commencement of lease, a lessee is required to recognize a right-of -use asset and a lease liability (except in case short term leases and leases of low value assets). The right-of-use asset represents the lessee's right to use an underlying asset during the lease term and the corresponding lease liability represents the lessee's obligation to make payments to the lessor for providing the right to use that asset. In the IASB's view, this new lessee accounting model reflects the economics of a lease because, at the commencement date, a lessee obtains the right to use an underlying asset for a period of time, and the lessor had delivered that right by making the asset available for use by the lessee.

The aforesaid new accounting model materially differs from the previous lease accounting requirements for lessees whereby a lessee was required to classify its leases either as finance leases or operating leases, based on whether the risks and rewards incidental to ownership were substantially transferred to the lessee. Under the previous standard, at the commencement of the lease term, the lessee recognized finance leases as assets and liabilities in its statement of financial position. However, the lessee recognized the payments made under operating leases as an expense on a straight line basis over the lease term unless another systematic basis was more representative of the time pattern of the user's benefit.

3.1. **Method of transition to the new lease accounting model**

IFRS 16 specifies that a lessee shall apply the standard to its leases either retrospectively to each prior reporting period presented applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ('the full retrospective method') or retrospectively with the cumulative effect of initially applying the standard recognized as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application without restating comparative information ('the cumulative catch-up transition method').

The Company has applied IFRS 16 to the lease arrangements in which it is a lessee (which previously were classified as operating leases under IAS 17) by following the cumulative catch-up transition method using the following practical expedients as permitted under paragraph C10 of IFRS 16:

(a) The Company has applied a single discount rate (i.e. its incremental borrowing rate of 15% per annum as of July 01, 2019) to its portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment);

(b) The Company has relied on its assessment of whether the aforesaid lease arrangements are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets as on June 30, 2019 as an alternative to perform an impairment review of right-of-use asset. The said assessment performed by the Company as on June 30, 2019 had not identified any onerous lease arrangements; and

(c) The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

3.1.2. Because, in its financial statements for the year ended June 30, 2019, the Company was not required to disclose operating lease commitments under IAS 17, no such explanation as is required under paragraph C12(b) of IFRS 16 has been disclosed in these interim financial statements.

Initial measurement of the right-of-use asset and the corresponding lease liability.

As of the date of initial application (i.e. of July 01, 2019), the Company measured the right-of use asset and the related lease liability (arising from its rights under lease arrangements existing as of that date) as follows:

(a) As permitted under paragraph C8(b) of IFRS 16, the Company measured the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of related prepaid lease payments recognized in its statement of financial position as of June 30, 2019.

(b) The Company measured the lease liability at the present value of the remaining lease payments, discounted using its aforementioned incremental borrowing rate of 9.5% per annum as of July 01, 2019

4. ACCOUNTING POLICY WITH RESPECT TO SUBSEQUENT MEASUREMENT OF THE RIGHT-OF-USE ASSET AND THE CORRESPONDING LEASE LIABILITY

Right -of-use asset

After the commencement date, the Company measures the right-of-use asset applying a cost model whereby the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option in which case the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset.

Lease liability

After the commencement date, the Company measures the lease liability by:

(a) increasing the carrying amount to reflect interest on the lease liability;
(b) reducing the carrying amount to reflect the lease payments made; andance fixed lease payments
(c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1. Property and Equipment

Items of property and equipment are stated at cost less accumulated depreciation (if any) and impairment losses (if any). Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss account during the year in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a 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. Where such subsequent costs are incurred to replace parts and are capitalized, the carrying amount of replaced parts is derecognized. All other repair and maintenance expenditures are charged to profit or loss during the year in which they are incurred.

Depreciation on all items of property and equipment is calculated using the reducing balance method, in accordance with the rates specified in note 5 to these financial statements and after taking into account residual value, if material. Residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation is charged on an asset from when the asset is available for use until the asset is disposed of.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on asset derecognition (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year in which the asset is derecognized.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at June 30, 2020 did not require any adjustment.

5.2. Intangible assets

Intangible assets with indefinite useful lives, including Trading Right Entitlement Certificate ("TREC"), are stated at cost less accumulated impairment losses, if any. An intangible asset is considered as having an indefinite useful life when, based on an analysis of all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortized. However, it is tested for impairment at each balance sheet date or whenever there is an indication that the asset may be impaired. Gains or losses on disposal of intangible assets, if any, are recognized in the profit and loss account during the year in which the assets are disposed of.

5.2.1. Membership cards and offices

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.

5.3. Investment property

Investment properties are held for capital appreciation and are measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value at each reporting date. The changes in fair value are recognized in the statement of profit or loss.

5.4. Investment in associates

Associates are all entities over which the Company has significant influence but not control. Investments in associates where the Company has significant influence are accounted for using the equity method of accounting. Under the equity method of accounting, investments in associates are initially recognized at cost and the carrying amount of investment is increased or decreased to recognize the Company's share of the associate's post-acquisition profits or losses in income, and its share of the post-acquisition movement in reserves is recognized in other comprehensive income.

5.5. Financial instruments

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

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

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:

i. 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

ii. 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 amortized cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

5.5.2. Initial recognition

The Company recognizes an investment when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place. However, the Company follows trade date accounting for its own (the house) investments. Trade date is the date on which the Company commits to purchase or sell its asset.

Transactions of purchase under resale (reverse-repo) of marketable securities including the securities purchased under margin trading system are entered into at contracted rates for specified periods of time. Amounts paid under these agreements in respect of reverse repurchase transactions are recognized as a receivable. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions / margin trading system and accrued on a time proportion basis over the life of the reverse repo agreement.

5.5.3. 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 profit and loss account.

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 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 profit and loss account.

5.5.4. Impairment

Financial assets

The Company applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for financial assets measured at amortized cost. The Company's expected credit loss impairment model reflects the present value of all cash shortfalls related to default events, either over the following twelve months, or over the expected life of a financial instrument, depending on credit deterioration from inception. The allowance / provision for credit losses reflects an unbiased, probability-weighted outcomes which considers multiple scenarios based on reasonable and supportable forecasts.

Where there has not been a significant decrease in credit risk since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to the remaining term to maturity is used.

When a financial instrument experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, or when a financial instrument is considered to be in default, expected credit loss is computed based on lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue effort or cost. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessments, including forward-looking information.

Forward-looking information includes reasonable and supportable forecasts of future events and economic conditions. These include macro-economic information, which may be reflected through qualitative adjustments or overlays. The estimation and application of forward-looking information may require significant judgment.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. The Company makes this assessment on an individual asset basis, after consideration of multiple historical and forward-looking factors. Financial assets that are written off may still be subject to enforcement activities in order to comply with the Company's processes and procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount - defined as the higher of the asset's fair value less costs of disposal and the asset's value-in-use (present value of estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and asset-specific risk) - is estimated to determine the extent of the impairment loss.

For the purpose of assessing impairment, assets are grouped into cash-generating units: the lowest levels for which there are separately identifiable cash flows.

5.6. Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

5.7. Trade debts and other receivables

Trade debts and other receivables are stated initially at amortised cost using the effective interest rate method.

Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

5.8. Cash and cash equivalents

Cash and cash equivalents are carried at cost and include cash in hand, balances with banks in current and deposit accounts, stamps in hand, other short-term highly liquid investments with original maturities of less than three months and short-term running finances.

5.9. Borrowings

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

5.10. 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. They are classified as current if payment is due within twelve months of the reporting date, and as non-current otherwise.

5.11. Staff retirement benefits

The Company did not have any retirement benefits plan.

5.12. Taxation

Income tax expense comprises current and deferred tax.

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using rates enacted or substantively enacted at the reporting date, and takes into account tax credits, exemptions and rebates available, if any. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the reporting date between the tax base and carrying amount of assets and liabilities for financial reporting purposes

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is charged or credited in the statement of profit or loss account, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

5.13. Provisions

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

5.14. Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage and commission income is recognized when brokerage services are rendered.
- Dividend income is recognized when the right to receive the dividend is established.
- Return on deposits is recognized using the effective interest method.
- Income on fixed term investments is recognized using the effective interest method.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from marking to market financial assets are included in profit and loss (for assets measured at FVTPL) or OCI (for assets measured at FVOCI) during the period in which they arise.
- Income / profit on exposure deposits is recognized using the effective interest rate.

5.15. Dividend income

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income. Dividends are recognized in the statement of 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.

5.16. Mark up / interest income

Mark-up / interest income is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

5.17. Borrowings

These are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount unpaid at the reporting date.

5.18. Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

5.19. Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company.

5.20. Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in income.

5.21. Derivative financial instruments

Derivative financial instruments are recognized at their fair value on the date on which a derivative contract is entered into. Subsequently, any changes in fair values arising on marking to market of these instruments are taken to the profit and loss account.

5.22. Related party transactions

All transactions involving related parties arising in the normal course of business are conducted and recorded at rates that are not less than market.

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6 PROPERTY AND EQUIPMENT

	Cost					Accumulated Depreciation					Net book value as at 30 June 2020	Rate of dep
	As at 1 July 2019	Transferred from leased to owned assets	Additions	Disposals	As at 30 June 2020	As at 1 July 2019	Transferred from leased to Owned	For the Year	Adjustments	As at 30 June 2020		
						Rupees						%age
Owned												
Furniture and fixtures	11,500,000	-	-	-	11,500,000	6,124,724	-	268,764	-	6,393,488	5,106,512	5%
Office equipment	365,150		19,000	-	384,150	258,814	-	11,266.89	-	270,081	114,069	10%
Electrical installations	652,600	-	15,500	-	668,100	454,794	-	19,781	-	474,574	193,526	10%
Computers	1,028,586	-	-	-	1,028,586	835,787	-	19,280	-	855,067	173,519	10%
										-	-	
Leased										-	-	
Vehicles	4,044,620	-	-	-	4,044,620	1,267,966	-	277,665		1,545,631	2,498,989	10%
	17,590,956	-	**34,500**	-	**17,625,456**	**8,942,086**	-	**596,757**	-	**9,538,843**	**8,086,613**	

	Cost					Accumulated Depreciation					Net book value as at 30 June 2019	Rate of dep
	As at 1 July 2018	Transferred from leased to owned assets	Additions	Disposals	As at 30 June 2019	As at 1 July 2018	Transferred from leased to Owned	For the Year	Adjustments	As at 30 June 2019		
						Rupees						%age
Owned												
Furniture and fixtures	11,500,000	-	-	-	11,500,000	5,841,815	-	282,909	-	6,124,724	5,375,276	5%
Office equipment	351,300		13,850	-	365,150	248,282	-	10,533	-	258,814	106,336	10%
Electrical installations	636,800	-	15,800	-	652,600	433,254	-	21,540	-	454,794	197,806	10%
Computers	1,028,586	-	-	-	1,028,586	814,365	-	21,422	-	835,787	192,799	10%
										-	-	
Leased										-	-	
Vehicles	4,044,620	-	-	-	4,044,620	959,449	-	308,517		1,267,966	2,776,654	10%
	17,561,306	-	**29,650**	-	**17,590,956**	**8,297,165**	-	**644,921**	-	**8,942,086**	**8,648,870**	

No Fixed assets Register Maintained by Company.

7 INTANGIBLE ASSETS

	Note	2020 Rupees	2019 Rupees
Trading Rights Entitlement Certificate ("TREC")	7.1	2,500,000	2,500,000
LSE Room Rights		2,542,008	2,542,008
		5,042,008	5,042,008
Impairment		-	-
		5,042,008	5,042,008

7.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.

The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. The TREC, which has been pledged with the PSX to meet Base Minimum Capital ("BMC") requirements, is assessed for impairment in accordance with relevant approved accounting standards.

7.2 Vide its notice dated November 10, 2017, the PSX revised the notional value of the TREC to PKR 2.5 million. As a result, the Company recognized impairment amount of PKR Nill during fiscal 2020.

8 LONG-TERM INVESTMENTS

Investments at fair value through OCI

	Note	2020	2019
LSE Financial Services Limited (unquoted) - at fair value	*8.1*	19,158,233	15,259,068
Adjustment for remeasurement to fair value		447,307	3,899,165
		19,605,540	**19,158,233**

8.1 As a result of the demutualization and corporatization of stock exchanges as detailed in note 6.1, the Company received 843,975 shares of LSE Financial Services Limited. Of these, 60% (506,385 shares) were held in a separate Central Depository Company Limited ("CDC") sub-account, blocked until they are sold to strategic investors, financial institutions and/or the general public. The remaining shares (40% of total, or 337,590 shares) were allotted to the Company.

These shares are neither listed on any exchange nor are they actively traded. As a result, fair value has been estimated by reference to the latest break-up or net asset value per share of these shares notified by LSE Financial Services Limited (PKR 23.23 / per share, compared to PKR 22.7 / per share as at June 30, 2019). Remeasurement to fair value resulted in a gain of PKR 447,307 (2019: PKR 3,899,165).

9 LONG-TERM DEPOSITS

	2020	2019
National Clearing Company of Pakistan Limited	1,400,000	1,400,000
Pakistan Stock Exchange Clearing House Deposit	30,000	30,000
Rent Security	81,000	81,000
	1,511,000	**1,511,000**

10 TRADE DEBTS-NET

	Note	2020	2019
Considered good	*10.1*	3,925,269	1,932,815
Considered doubtful		1,057,535	776,273
		4,982,804	2,709,088
Less: Provision for doubtful debts	*10.2*	1,057,535	776,273
		3,925,269	1,932,815

10.1 The Company holds client-owned securities with a total fair value of PKR 98,011,052 (2019: PKR 58,631,135) as collateral against trade debts. Refer to note 3.8 for details around the Company's methodology for computing estimated credit losses under the expected loss model under IFRS 9.

10.2 Movement in provision against trade debts is as under:

	Note	2020 Rupees	2019 Rupees
Opening balance (as at July 1)		776,274	674,507
Charged to profit and loss during the year		281,261	101,767
		1,057,535	776,274
Amounts written off during the year			
Closing balance (as at June 30)		1,057,535	776,274

10.3

Name of related party	Gross amount due	Past due amount	Provision for doubtful receivables	Reversal of provision of doubtful	Amount due written off	Net amount due	Maximum amount outstanding at any time during the
Mr. Zia Mohiuddin	171,720	-	-	-	-	171,720	418,210
	171,720	-	-	-	-	171,720	418,210

10.4 **Age analysis of trade receivables from related parties**

	Amount Not past due	*Amount Past due*					Total gross amount due
		Past due 0-30 days	Past due 31-60 days	*Past due 61-90 days*	Past due 91-365 days	Past due 365days	
Mr. Zia Mohiuddin	171,719	-	-	-	-	-	171,719
	171,719	-	-	-	-	-	171,719

11 PREPAYMENTS & ADVANCES

	2020	2019
Exposure margin with NCCPL	**11,600,000**	9,250,000
Balance due from NCCPL	**11,156,878**	452,927
Other receivable	**134,087**	134,087
Staff advances - unsecured, considered good	**44,753**	74,253
Loan to Chief Executive Officer	**1,330,000**	1,380,000
Income Tax refundable	168,955	4,620,831
	24,434,673	**15,912,098**

11.1 INCOME TAX REFUNDABLE

	2020	2019
Opening balance (as at July 1)	4,620,831	2,528,541
Add: Current year additions	1,250,725	2,092,290
	5,871,556	4,620,831
Less: Adjustment With Prior Year Provisions	(5,702,601)	-
	168,955	4,620,831

12 SHORT TERM INVESTMENT

	2020	2019
Investments at fair value through profit or loss		
Investments in listed securities	-	598,043
Unrealized losses on investments at FVTPL	-	(140,543)
	-	**457,500**
The Bank Of Punjab (Nill shares 2020, 50,000 shares 2019)	-	**457,500**
Lse Financial Services Limited - **Freezed** (337,590 shares: 337,590 shares 2019)	-	**457,500**

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13 CASH AND BANK BALANCES

	Note	2020 Rupees	2019 Rupees
Cash in hand		16,852	18,616
Cash at bank			
Client account	13.1	21,790,778	23,987,989
House account		20,267,032	17,336,252
		42,074,661	**41,342,857**

13.1 Cash at bank includes customers' assets in the amount of PKR 21,790,778/= (2019: 23,987,989) held in designated bank accounts.

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2020 Rupees	2019 Rupees
14.1 Authorized capital		
600,000 (2019: 600,000) ordinary shares of PKR 100 each.	**60,000,000**	**60,000,000**
14.2 Issued, subscribed and paid-up share capital		
350,000 (2019: 185,000) ordinary shares of PKR 100/- each, issued for cash, and 165,000 (2019: 165,000) ordinary shares issued as bonus shares	35,000,000	35,000,000
	35,000,000	**35,000,000**

14.3 Shareholders holding 5% or more of total shareholding

	Number of Shares		Percentage	
	2020	2019	**2020**	2019
Mian Ghulam Muhiuddin	208,108	208,108	59%	112%
Zia Mouiuddin	3,784	3,784	1%	1%
Hassan Iqbal	134,324	134,324	38%	73%
Mrs. Nagina Akhter	3,784	3,784	1%	1%

15 FINANCE LEASE LIABILITY

	2020	2019
Present value of minimum lease payments	245,091	900,694
Less: Current portion	(245,091)	(632,099)
	-	268,595
Minimum lease rentals payable:		
Within one year	245,091	712,942
After one year but within five years	-	297,534
After five years	-	-
	245,091	1,010,476
Less: Future financial charges	-	109,782
Net lease obligation	245,091	900,694

15.1 These represent liabilities against vehicles under finance lease. The principal plus financial charges are payable over the lease period in monthly instalments as per respective agreements ending in the month of October 2020. The liability as at balance sheet date represents the present value of total minimum lease payments discounted at 9.52 % per annum being the interest rates implicit in leases. The purchase option is available to the Company on payment of last instalment and surrender of deposit at the end of lease period and the Company intends to exercise this option.

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16 TRADE AND OTHER PAYABLES

	Note	2020 Rupees	2019 Rupees
Trade creditors	*16.1*	30,664,653	20,283,730
Staff welfare fund		212,462	163,349
Tax payable		360,589	245,318
Auditor's remuneration payable		293,500	223,750
Worker welfare fund -Punjab		140,598	-
Other payables		170,395	2,146,930
		31,842,196	**23,063,076**

16.1 This includes no amount (2019: Nil) due to related parties.

17 CURRENT TAX LIABILITY

	Note	2020 Rupees	2019 Rupees
Opening balance (as at July 1)	*17.1*	1,472,240	19,552
Add: Current year provision		2,463,178	1,472,240
		1,767,183	-
		5,702,601	1,491,792
		(5,702,601)	(19,552)
		-	**1,472,240**

18 CONTINGENCIES AND COMMITMENTS

18.1 There are no contingencies or commitments of the Company as at June 30, 2020 (2019: Nil).

19 OPERATING REVENUE

	Note	2020 Rupees	2019 Rupees
Brokerage income	*19.1*	18,512,257	13,029,630
Dividend income		675,180	157,750
		19,187,437	13,187,380

	2020 Rupees	2019 Rupees
19.1 Commissions earned - gross	19,940,095	13,781,665
Commissions reimbursement	(1,427,838)	(752,035)
	18,512,257	13,029,630

20 OTHER INCOME / LOSSES

Income from non-financial assets/liabilities

	2020 Rupees	2019 Rupees
Other income	3,323,801	2,419,626
	3,323,801	2,419,626

21 OPERATING & ADMINISTRATIVE EXPENSES

	Note	2020 Rupees	2019 Rupees
Staff salaries, allowances and other benefits		4,794,511	4,295,456
Director's remuneration		5,460,000	4,560,000
Rent, rates and taxes		224,613	297,190
Electricity and communication charges		294,420	318,809
Printing and stationery		60,406	49,385
Postage and telegram		75,496	85,978
Repair and maintenance		414,205	308,356
Travelling and conveyance		-	5,000
Fee and subscription		716,578	684,788
NCCPL & Trading Charges		637,811	448,267
Entertainment		253,963	269,709
Provision for doubtful debts		281,261	101,767
Insurance expenses		90,300	100,556
Charity & Donations		88,500	52,500
EOBI Contribution		23,400	25,740
Auditors' remuneration	*21.1*	200,000	256,000
Miscellaneous expenses		67,800	82,268
Depreciation	*6*	596,757	644,921
Investor Port Fund		82,376	62,089
		14,362,396	**12,648,779**

21.1. Auditor's remuneration

	2020	2019
Statutory audit	200,000	256,000
Certifications and other charges	-	-
	200,000	256,000

22. OTHER OPERATING EXPENSE

	2020	2019
Worker welfare fund - Punjab	140,598	-
	140,598	-

23. FINANCE COSTS

	Note	2020 Rupees	2019 Rupees
Mark-up and finance charges		96,570	158,864
Bank and other charges		18,255	18,163
		114,825	**177,027**

24. INCOME TAX EXPENSE

	2020	2019
Current tax expense / (income)		
for the year	2,463,178	1,066,643
Perior Year	1,767,183	-
	4,230,361	1,066,643

The tax provision made in the financial statements is considered sufficient.

25. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax for the year by the weighted average number of shares outstanding during the period, as follows:

	2020 Rupees	2019 Rupees
Profit / (loss) after taxation, attributable to ordinary shareholders	3,575,800	616,703
Weighted average number of ordinary shares in issue during the year	350,000	350,000
Earnings per share	**10.22**	**1.76**

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

26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including benefits, to the chief executive, directors and executives of the Company as per the terms of their employment are as follows:

	2020		2019	
	Chief Executive	Directors	Chief Executive	Directors
	..............Rupees..............			
Managerial remuneration	960,000	2,400,000	960,000	2,400,000
Bonus	700,000	1,400,000	400,000	800,000
	1,660,000	3,800,000	1,360,000	3,200,000
Number of persons (including those who worked part of the year)	1	2	1	2

Chief Executive and directors are provided with the Company's maintained cars. The approximate value of this benefit is Rs. 2,498,988 (2019: Rs. 2,776,654).

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27 FINANCIAL INSTRUMENTS BY CATEGORY

	2020			
	Amortized cost	FVOCI	FVTPL	Total
	Rupees			
ASSETS				
Non-current assets				
Long term deposits	1,511,000	-	-	1,511,000
Long term investment	-	19,605,540	-	19,605,540
Current assets				
Short-term investments	-	-	-	-
Trade debts - net	3,925,269	-	-	3,925,269
Loans and advances	-	-	-	-
Prepayments & advances	24,434,673	-	-	24,434,673
Cash and bank balances	42,074,661	-	-	42,074,661
LIABILITIES				
Non current Liabilities				
Finance lease liability	-	-	-	-
Current liabilities				
Trade and other payables	31,842,196	-	-	31,842,196
Finance lease liability	245,091	-	-	245,091

	2019			
	Amortized cost	FVOCI	FVTPL	Total
	Rupees			
ASSETS				
Non-current assets				
Long-term deposits	1,511,000	-	-	**1,511,000**
Long term investment	-	19,158,233	-	**19,158,233**
Current assets				
Short-term investments	-	-	457,500	**457,500**
Trade debts - net	1,932,815	-	-	**1,932,815**
Loans and advances	-	-	-	**-**
Prepayments & advances	15,912,098	-	-	**15,912,098**
Cash and bank balances	41,342,857	-	-	**41,342,857**
LIABILITIES				
Non current Liabilities				
Finance lease liability	268,595	-	-	**268,595**
Current liabilities				
Trade and other payables	23,063,076		-	23,063,076
Finance lease liability	632,099		-	632,099

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28 FINANCIAL RISK MANAGEMENT

28.1 Risk management framework

The Director / Chief Executive has overall responsibility for the establishment and oversight of the Company's risk management framework. He is also responsible for developing and monitoring the Company's risk management policies, which are monitored and assessed for effectiveness throughout the year. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to establish internal control over risk. Through its training and management standards and procedures, the Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company has established adequate procedures to manage each of these risks as explained below.

28.2 Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market interest rates, changes in the credit rating of the issuer of the instruments, change in market sentiments, speculative activities, supply and demand of securities and/or changes in liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

28.2.1 Currency risk

Currency risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to major foreign exchange risk in this respect.

28.2.2 Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the maturity / repricing of financial assets and liabilities through appropriate policies.

28.2.3 Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices, whether such changes are due to factors specific to individual financial instruments (including factors specific to issuers of such instruments) or due to macroeconomic or other factor affecting similar financial instruments being traded in the market.

The Company is exposed to price risk in respect of investments carried at fair value (whether as available-for-sale investments or as instruments at fair value through profit or loss). Such price risk comprises both the risk that price of individual equity investments will fluctuate and the risk that there will be an index-wide movement in prices. Measures taken by the Company to monitor, manage and mitigate price risk include daily monitoring of movements in stock indexes (such as the KSE 100 index) as well as of the correlation between the Company's investment portfolio with stock indexes.

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28.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, loans and advances, investments and other receivables. The carrying amount of financial assets represents the maximum credit exposure, although this maximum is a theoretical formulation as the Company frequency holds collateral against potential credit losses.

Measures taken by management to manage and mitigate credit risk include:
- Development of and compliance with risk management, investment and operational policies / guidelines (including guidelines in respect of entering into financial contracts);
- Assignment of trading limits to clients in accordance with their net worth;
- Collection / maintenance of sufficient and proper margins from clients;
- Initial and ongoing client due diligence procedures, where clients' financial position, past experience and other factors are considered;
- Collection and maintenance of collateral if, as and when deemed necessary and appropriate;
- Diversification of client and investments portfolios; and
- Engagement with creditworthy / high credit rating parties such as banks, clearing houses and stock exchanges.

The Company continually monitors the quality of its debtor portfolio, both on an individual and portfolio basis, and provides against credit losses after considering the age of receivables, nature / quantum of collateral and debtor-specific factors (such as creditworthiness and repayment capacity).

The carrying amount of financial assets, which represents the maximum credit exposure before consideration of collateral and counterparty creditworthiness, is as specified below:

	2020	2019
Long term investments	19,605,540	19,158,233
Long term deposits	1,511,000	1,511,000
Trade debts-net	3,925,269	1,932,815
Prepayments & advances	24,434,673	15,912,098
Short term investment	-	457,500
	49,476,482	38,971,645

28.4 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations, settled by delivering cash or another financial asset, as they fall due. Prudent liquidity risk management requires the maintenance of sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to the dynamic nature of the business and the industry it operates in. The Company finances its operations through equity and, as and when necessary, borrowings, with a view to maintaining an appropriate mix between various sources of financing.

The table below classifies the Company's financial liabilities into relevant maturity groupings based on the time to contractual maturity date, as at the balance sheet date. The amounts in the table are contractual undiscounted cash flows.

	As at June 30, 2020		
Financial liabilities	**Carrying amount**	**Within one year**	**More than one year**
Trade and other payables	31,842,196	31,842,196	-
Finance lease liability	245,091	68,569,370	35,000,000
Total	32,087,287	100,411,566	35,000,000

Financial liabilities	As at June 30, 2019		
	Carrying amount	Within one year	More than one year
Trade and other payables	23,063,076	23,063,076	-
Finance lease liability	900,694	632,099	268,595
Total	**23,963,770**	**23,695,175**	**268,595**

The Company does not expect that the timing or quantum of cash flows outlined in the table above will change significantly, and as a result expects to be able to fulfill its obligations as they come due.

29 CAPITAL RISK MANAGEMENT

The Company's objective in managing capital is to ensure that the Company is able to continue as a going concern so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. As well, the Company has to comply with capital requirements as specified under the Securities Brokers (Licensing and Operations) Regulations, 2016 (as well as other relevant directives from regulating bodies issued from time to time).

Consistent with industry practice, the Company manages its capital risk by monitoring its debt levels and liquid assets, keeping in view future investment requirements.

30 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount that would be received on the sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operations or to undertake a transaction on adverse terms.

Various judgments and estimates are made in determining the fair value of financial instruments that are recognized and measured at fair value in the Company's financial statements. To provide an indication about the reliability of inputs used in determining fair value, financial instruments have been classified into three levels, as prescribed under accounting standads. An explanation of each level follows the table.

Recurring FV Measurement - June 30, 2020	Level I	Level II	Level III	Total
Long-term investment - at FVOCI	-	19,605,540	-	19,605,540
Short-term investments - at FVTPL	-	-	-	-

Recurring FV Measurement as at June 30, 2019	Level I	Level II	Level III	Total
Long-term investment - available-for-sale	-	19,158,233	-	19,158,233
At fair value through profit and loss	457,500	-	-	457,500

In the fair value hierarchy in the preceding table, inputs and valuation techniques are as follows:

- Level 1: Quoted market price (unadjusted) in an active market
- Level 2: Valuation techniques based on observable inputs
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

There were no transfers into or out of Level 1 measurements.

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31 CAPITAL MANAGEMENT

31.1

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

31.2 CAPITAL ADEQUACY

The Capital Adqequacy level as required by CDC is Calculated as Follows

	Notes	Amount (Rupees)
Total Assets	*31.2.1*	104,679,765
Less: Total Liabilities		(32,087,287)
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-
Capital Adequacy Level		**72,592,477**

31.2.1 While determining the value of the total assets of the TREC Holder, Notional value of TREC as at year ended as determined by Pakistan Stock Exchange has been considered.

31.3 NET CAPITAL BALANCE

Net 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;

	Description	Basis of Accounting	Notes	Amount (Rupees)
A.	**Description of Current Assets**			
1	**Cash in hand & Cash in bank**	As per book value.	2	
	Cash in hand			16,852
	Cash at bank-House Account			20,267,032
	Cash at bank-Client Account			21,790,778
				42,074,661
2	**Margin deposits**			**11,600,000**
3	**Receivable From NCCPL**			**11,156,878**
4	**Trade receivables**	Book value less those overdue for more than 14 days.		4,982,804
	Less: Outstanding for more than 14 days			3,225,711
				1,757,093
5	**Investment in listed securities in the name of company**	Securities on the Exposure List to Market less 15 % discount.		-
6	**Securities purchase for client**			**4,419,872**
				71,008,504
B.	**Description of Current Liabilities**			
1	**Trade payables**	Book value less those overdue for more than 30 days.	16	30,664,653
	Less: Overdue more than 30 days			12,285,204
				18,379,449
2	**Other liabilites**	As classified under the Generally Accepted Accounting Principles.	16	**13,707,839**
				32,087,287
	NET CAPITAL BALANCE			**38,921,217**

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31.4 Liquid Capital

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	8,086,613	100%	-
1.2	Intangible Assets	5,042,008	100%	-
1.3	Investment in Govt. Securities (150,000*99)			-
1.4	**Investment in Debt. Securities**			-
	If listed than:			-
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			-
	If unlisted than:			-
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			-
1.5	**Investment in Equity Securities**			-
	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.	-	-	-
	ii. If unlisted, 100% of carrying value.	19,605,540	100%	-
	iii.Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been alloted 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)			-
1.6	Investment in subsidiaries			-
1.7	**Investment in associated companies/undertaking**			-
	i. If listed 20% or VaR of each securities as computed by the Securites Exchange for respective securities whichever is higher.			-
	ii. If unlisted, 100% of net value.			-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,511,000	100%	
1.9	Margin deposits with exchange and clearing house.	11,600,000	0.00%	11,600,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			-
1.11	Other deposits and prepayments	1,677,795	100%	
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			-
1.13	Dividends receivables.			-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (***Securities purchased under repo arrangement shall not be included in the investments.)***			-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months			-
	ii. Receivables other than trade receivables		-	
1.16	**Receivables from clearing house or securities exchange(s)**			-
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.			-
	claims on account of entitlements against trading of securities in all markets including MtM gains.	11,156,878	0.00%	11,156,878
	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. Lower of net balance sheet value or value determined through adjustments.***	-	-	-
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. ***ii. Net amount after deducting haircut***			-

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1.17	iii. Incase receivalbes are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, ***iii. Net amount after deducting haricut***			-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. ***iv. Balance sheet value***	1,479,618	0.00%	1,479,618
	v. Incase 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. ***v. Lower of net balance sheet value or value determined through adjustments***	2,445,652	-	2,445,652
	vi. 100% haircut in the case of amount receivable form related parties.	-	-	
1.18	**Cash and Bank balances**			-
	I. Bank Balance-proprietory accounts	20,267,032	-	20,267,032
	ii. Bank balance-customer accounts	21,790,778	-	21,790,778
	iii. Cash in hand	16,852	-	16,852
1.19	**Total Assets**	**104,679,765**	**-**	**68,756,809**
2. Liabilities				
2.1	**Trade Payables**			-
	i. Payable to exchanges and clearing house	-		-
	ii. Payable against leveraged market products			-
	iii. Payable to customers	30,664,653	-	30,664,653
2.2	**Current Liabilities**			-
	i. Statutory and regulatory dues	360,589		360,589
	ii. Accruals and other payables	816,955	-	816,955
	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	-		-
2.3	**Non-Current Liabilities**			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial instituion: Long term portion of financing obtained from a financial institution including amount due against finance lease	-	-	
	b. Other long-term financing	245,091	245,091	
	ii. Staff retirement benefits		-	
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Boad 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			
2.4	**Subordinated Loans**			
	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 Liabilites**	**32,087,287**	**245,091**	**31,842,196**
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 securites 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 issuse :** if the market value of securites 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 issuse 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			
3.4	**Negative equity of subsidiary** The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary			
3.5	**Foreign exchange agreements and foreign currency positions** 5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurency less total liabilities denominated in foreign currency			
3.6	Amount Payable under REPO			
3.7	**Repo adjustment** **In the case of financier/purchaser** the total amount receivable under Repo less the 110% of the market value of underlying securites. **In the case of financee/seller** the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
3.8	**Concentrated proprietary positions** 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	-	-	-
3.9	**Opening Positions in futures and options** i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts			
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met			
3.10	**Short selll positions** i. Incase 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. Incase of proprietory 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 Liabilites**	-	-	-

TOTAL 72,592,478 36,914,613

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32 RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of shareholders/ directors, key management personnel, entities with common shareholding, entities over which the directors are able to exercise influence and entities under common directorship. Transactions with related parties and the balances outstanding at year end are disclosed in the respective notes to the financial statements.

33 IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. The Company's operations were not affected as Pakistan Stock Exchange was not subject to lockdown restrictions. Company implemented all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees and contained its operations. Due to this, management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment, there is no significant accounting impact of the effect of COVID-19 on these Financials Statements.

34 EVENTS AFTER REPORTING PERIOD

No events occurred after the reporting period that would require adjustment or disclosure in the financial statements.

35 NUMBER OF EMPLOYEES

Total number of employees at the end of year was 18 (2019: 18). Average number of employees was 13 (2019: 13)

36 RE-CLASSIFICATION AND RE-ARRANGEMENTS

Corresponding figures have been reclassified and re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison, and in order to improve compliance with disclosure requirements.

37 GENERAL

Amounts have been rounded off to the nearest rupee, unless otherwise stated.

38 AUTHORIZATION

38.1 These financial statements were authorized for issue on September 25, 2020 by the Board of Directors of the Company.

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Chief Executive Director