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

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

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the members of Memon Securities (Private) Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit, total 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 the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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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; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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Rahman Sarfaraz Rahim Iqbal Rafiq
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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 statement of financial position was prepared.

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi
Date: 03 SEP 2020

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

	Note	2020	2019
		Rupees	
ASSETS			
Non-current assets			
Property and equipment	5	8,328,795	9,666,244
Investment property	6	1,576,901	1,659,896
Intangible assets	7	3,500,000	3,500,000
Long term deposits	8	4,010,200	4,010,200
		17,415,896	18,836,340
Current assets			
Trade debts	9	1,840,855	1,253,889
Short term investments	10	588,663,905	498,540,590
Loan, prepayment, deposit and other receivables	11	1,240,682	7,974,005
Income tax refundable	12	15,262,468	15,826,521
Cash and bank balances	13	85,307,806	57,451,391
		692,315,716	581,046,396
Total assets		709,731,612	599,882,736
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital	14	100,000,000	100,000,000
Issued, subscribed and paid up capital	14	97,400,000	97,400,000
Revenue reserves			
Unappropriated profit		470,871,245	394,352,889
General reserve		2,600,000	2,600,000
		473,471,245	396,952,889
		570,871,245	494,352,889
Current liabilities			
Trade and other payables	15	89,055,382	74,929,340
Short term borrowing	16	49,269,820	30,600,507
Unearned income		496,228	-
Accrued markup		39,737	-
		138,860,367	105,529,847
Contingencies and commitments	17	-	-
Total equity and liabilities		709,731,612	599,882,736

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE | **DIRECTOR**

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

	Note	2020	2019
		——— Rupees ———	
Operating revenue	*18*	**60,825,270**	59,068,608
Capital gain / (loss) on sale of investments		**537,064**	(886,925)
		61,362,334	58,181,683
Administrative expenses	*19*	**(42,943,589)**	(41,412,735)
Finance costs	*20*	**(1,378,900)**	(784,033)
		(44,322,489)	(42,196,768)
Other income	*21*	**3,293,011**	3,029,544
		20,332,856	19,014,459
Gain / (loss) on re-measurement of investments		**62,680,410**	(152,555,608)
Profit / (loss) before taxation		**83,013,266**	(133,541,149)
Taxation	*22*	**(6,494,910)**	(5,526,300)
Profit / (loss) after taxation		**76,518,356**	(139,067,449)

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

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

	2020	2019
	Rupees	
Profit / (loss) after taxation	**76,518,356**	(139,067,449)
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year	**76,518,356**	(139,067,449)

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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

		Capital reserve	Revenue reserves		
	Issued, subscribed and paid up capital	**Surplus on re-measurement of equity securities**	**Unappropriated profit**	**General reserve**	**Total**
			Rupees		
Balance as at June 30, 2018	97,400,000	15,947,612	517,472,726	2,600,000	633,420,338
Total comprehensive income for the year ended June 30, 2019					
- Loss after taxation	-	-	(139,067,449)	-	(139,067,449)
- Other comprehensive income	-	-	-	-	-
	-	-	(139,067,449)	-	(139,067,449)
Reclassification of surplus on investment upon reclassification of long term investment to short term investment	-	(15,947,612)	15,947,612	-	-
Balance as at June 30, 2019	97,400,000	-	394,352,889	2,600,000	494,352,889
Total comprehensive income for the year ended June 30, 2020					
- Profit after taxation	-	-	76,518,356	-	76,518,356
- Other comprehensive income	-	-	-	-	-
	-	-	76,518,356	-	76,518,356
Balance as at June 30, 2020	**97,400,000**	-	**470,871,245**	**2,600,000**	**570,871,245**

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

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

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		——— Rupees ———	
Profit / (loss) before taxation		**83,013,266**	(133,541,149)
Adjustment for non-cash and other items:			
- Depreciation		**1,393,602**	1,553,691
- Finance cost		**1,378,900**	784,033
- Profit on saving accounts		**(2,591,420)**	(1,425,544)
- Profit on cash margin placed with PSX		**(513,918)**	(522,015)
- Rental income		**(110,273)**	(1,081,985)
- (Gain) / loss on re-measurement of investments		**(62,680,410)**	152,555,608
- Capital (gain) / loss on sale of investments		**(537,064)**	886,925
		(63,660,583)	152,750,713
Cash flow before working capital changes		**19,352,683**	19,209,564
Changes in working capital			
Decrease in current assets			
Trade debts		**(586,966)**	44,865
Loan, prepayment, deposits and other receivables		**6,733,323**	5,337,181
Increase in current liabilities			
Trade and other payables		**14,126,042**	2,568,403
Unearned income		**496,228**	-
		20,768,627	7,950,449
Cash generated from operations		**40,121,310**	27,160,013
Finance cost paid		**(1,339,163)**	(784,033)
Income tax paid		**(5,930,857)**	(10,153,634)
Net cash generated from operating activities		**32,851,290**	16,222,346
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		-	(1,979,835)
Proceeds from sale of operating fixed assets		**26,842**	-
Profit received on saving accounts		**2,591,420**	1,425,544
Profit received on cash margin placed with PSX		**513,918**	522,015
Rental income received		**110,273**	1,081,985
Purchase / sale of investments-net		**(26,905,841)**	(59,421,075)
Net cash used in investing activities		**(23,663,388)**	(58,371,366)
Net increase / (decrease) in cash and cash equivalents during the year		**9,187,902**	(42,149,020)
Cash and cash equivalents at the beginning of the year		**26,850,884**	68,999,902
Cash and cash equivalents at the end of the year	23	**36,038,786**	26,850,884

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

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

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		Rupees	
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Cash and cash equivalents at the end of the year	23	**36,038,786**	26,850,884

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

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

1 STATUS AND NATURE OF BUSINESS

Memon Securities (Private) Limited ('the Company') is a private company incorporated in Pakistan on August 03, 2000 under the Companies Ordinance, 1984 (now replaced with the enactment of the Companies Act, 2017 on May 30, 2017 .

The Company is a holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited. The principal activities of the Company are investments, share brokerage, Initial Public Offer (IPO) underwriting, investment and portfolio management. The Company's registered office is situated at Room No. 154, Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi.

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 applicable in Pakistan comprise:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and

- Provision of, and directives issued, under the Companies Act, 2017.

Where provisions of, and directives issued, under the Companies Act, 2017 differ from the IFRS, the latter have been followed.

2.2 Accounting convention

These financial statements have been prepared under, the historical cost convention, except for investments classified as 'at fair value through profit or loss ('FVTPL') which are carried at fair value.

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 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

	Note
- Useful lives, residual values and depreciation method of property and equipment	4.1
- Provision for taxation	4.7

3 NEW ACCOUNTING PRONOUNCEMENTS

3.1 *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.

3.2 *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 affect the financial statements of the Company.

- 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. An entity 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 June 30, 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.

- 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.

- 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.

- 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.

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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property and equipment

Owned

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost include expenditures that are directly attributable to the acquisition of an asset.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with an 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.

Depreciation is charged to the statement of profit or loss applying the reducing balance method at the rates specified in note 5 to these financial statements. Depreciation is charged when an asset is available for use till the date the asset is disposed off.

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

4.2 Intangible assets

Membership cards

These are 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.

4.3 Investment property

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

Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to the statement of profit or loss applying the reducing balance method at the rates specified in note 6.

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 investment property as at June 30, 2020 did not require any adjustment.

4.4 **Trade debts**

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized when the services are delivered to customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4.5 **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term bank deposits, as defined above, net of outstanding bank borrowing as they are considered an integral part of the Company's cash management.

4.6 **Financial assets**

4.6.1 ***Initial recognition, classification and measurement***

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

(a) financial assets measured at amortized costs;
(b) fair value through other comprehensive income (FVOCI);and
(c) 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 to at initial recognition.

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

(c) Financial assets at FVTPL

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

Such financial assets are initially measured at fair value.

4.6.2 *Subsequent measurement*

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

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

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

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

4.6.3 *Impairment*

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

4.6.4 *De-recognition*

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

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

4.7 Taxation

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Judgement and estimates

Significant judgement is required in determining the income tax expenses and corresponding provision for tax. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.8 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

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

4.9 Financial liabilities

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

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

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

4.10 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.

4.11 Revenue recognition

Revenue from trading activities - brokerage

Commission revenue from trading of securities is recognized when the performance obligation is satisfied, being when transaction is settled by the clearing house and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Broker's bills are also generated at that point in time.

A receivable is recognized when the transaction is settled by the clearing house as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not expect to have contracts where the period between the services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

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.

4.12 Other income

- Profit on saving accounts and profit on exposure deposits is recognized at effective yield on time proportion basis.

- Rental income from investment property is recognized as other income on a straight line basis over the term of the lease.

4.13 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss.

4.14 Borrowing costs

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

4.15 Dividends

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

5 PROPERTY AND EQUIPMENT

	Offices	Building	Furniture and fixtures	Office Equipment	Computers	Vehicles	Total
	Rupees						
At June 30, 2018							
Cost	3,450,000	1,886,380	485,037	1,628,739	1,281,973	7,410,298	16,142,427
Accumulated depreciation	-	(139,121)	(251,141)	(237,031)	(866,433)	(3,748,705)	(5,242,431)
Net book value	3,450,000	1,747,259	233,896	1,391,708	415,540	3,661,593	10,899,996
Movement during the year ended June 30, 2019							
Opening net book value	3,450,000	1,747,259	233,896	1,391,708	415,540	3,661,593	10,899,996
Transfer to investment property	-	(1,747,259)	-	-	-	-	(1,747,259)
Additions	-	-	-	153,435	41,900	1,784,500	1,979,835
Depreciation charge	(172,500)	-	(23,390)	(146,623)	(132,514)	(991,301)	(1,466,328)
Closing net book value	3,277,500	-	210,506	1,398,520	324,926	4,454,792	9,666,244
At June 30, 2019							
Cost	3,450,000	-	485,037	1,782,174	1,323,873	9,194,798	16,235,882
Accumulated depreciation	(172,500)	-	(274,531)	(383,654)	(998,947)	(4,740,006)	(6,569,638)
Net book value	3,277,500	-	210,506	1,398,520	324,926	4,454,792	9,666,244
Movement during the year ended June 30, 2020							
Opening net book value	**3,277,500**	-	**210,506**	**1,398,520**	**324,926**	**4,454,792**	**9,666,244**
Disposals:							
Cost	-	-	-	-	-	**(992,915)**	**(992,915)**
Accumulated depreciation	-	-		-	-	**926,073**	**926,073**
	-	-	-	-	-	**(66,842)**	**(66,842)**
Depreciation charge	**(163,875)**	-	**(21,050)**	**(139,852)**	**(97,478)**	**(848,352)**	**(1,270,607)**
Closing net book value	**3,113,625**	-	**189,456**	**1,258,668**	**227,448**	**3,539,598**	**8,328,795**
At June 30, 2020							
Cost	**3,450,000**	-	**485,037**	**1,782,174**	**1,323,873**	**8,201,883**	**15,242,967**
Accumulated depreciation	**(336,375)**	-	**(295,581)**	**(523,506)**	**(1,096,425)**	**(4,662,285)**	**(6,914,172)**
Net book value	**3,113,625**	-	**189,456**	**1,258,668**	**227,448**	**3,539,598**	**8,328,795**
Depreciation rate (% per annum)	**5%**	**5%**	**10%**	**10%**	**30%**	**20%**	

6 INVESTMENT PROPERTY

	2020	2019
	Rupees	
Opening net book value	**1,659,896**	1,747,259
Less: Depreciation charge for the year	**(82,995)**	(87,363)
Closing net book value	**1,576,901**	1,659,896
	5%	5%

6.1 This represents office owned by the company in Pakistan Stock Exchange situated at Room No.153, Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi.

The Company measure its investment properties using cost model. As at the reporting date, the fair value of investment properties amounting to Rs. 2 million, calculated on the basis of present market values for similar sized of properties in the vicinity and replacement values of similar type of properties adjusted for depreciation factor for the existing assets in use.

7	INTANGIBLE ASSETS	Note	2020	2019
			Rupees	
	Membership Card - PMEX		1,000,000	1,000,000
	Trading Right Entitlement Certificate - PSX	7.1	2,500,000	2,500,000
			3,500,000	3,500,000

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

		2020	2019
		Rupees	
8	**LONG TERM DEPOSITS**		
	Deposit placed with:		
	Pakistan Mercantile Exchange Limited		
	-Basic deposit	2,500,000	2,500,000
	Central Depository Company of Pakistan Limited		
	-Basic deposit	100,000	100,000
	National Clearing Company of Pakistan Limited		
	-Basic deposit	200,000	200,000
	-Ready market	200,000	200,000
	-Future market	1,000,000	1,000,000
		1,400,000	1,400,000
	Others	10,200	10,200
		4,010,200	4,010,200
9	**TRADE DEBTS**		
	Considered good- secured	1,840,855	1,347,207
	Considered doubtful- unsecured	93,318	112,784
		1,934,173	1,459,991
	Less: Provision for expected credit losses	(93,318)	(206,102)
		1,840,855	1,253,889
9.1	**Movement in provision for doubtful debts**		
	Balance at the beginning of the year	206,102	155,213
	Add: Charge for the year	-	50,889
	Less: Written off during the year	(112,784)	-
	Balance at the end of the year	93,318	206,102
10	**SHORT TERM INVESTMENTS**		
	Quoted equity securities carried at fair value through profit or loss		
	Cost of investments	491,658,759	532,865,326
	Surplus on remeasurement	97,005,146	(34,324,736)
		588,663,905	498,540,590

		Note	2020	2019
			Rupees	
10.1	**Details of securities pledged**			
	Pledged with banks			
	Brokerage House		**294,480,310**	124,883,840
	Pledged with PSX / NCCPL			
	Brokerage House		**104,726,360**	141,288,320

11 LOAN, PREPAYMENT, DEPOSIT AND OTHER RECEIVABLES

		2020	2019
Loan			
-Staff loan		**333,400**	500,300
Prepayment			
-Prepaid insurance		**36,008**	-
Deposit			
-Exposure deposit with PSX against Deliverable Futures Contracts		-	4,000,000
Other receivables			
-Receivable from PSX against profit held on Deliverable Futures Contracts		**359,760**	3,011,530
-Receivable from PSX against excess amount deposited in respect of losses on DFCs		**454,660**	262,150
-Receivable from PSX against ready market		**56,854**	-
-Other receivables		-	200,025
		1,240,682	7,974,005

12 INCOME TAX REFUNDABLE

	2020	2019
Opening balance	**15,826,521**	11,199,187
Advance tax paid during the year	**5,930,857**	10,153,634
	21,757,378	21,352,821
Provision for taxation - current	**(5,831,079)**	(5,518,077)
Provision for taxation - prior	**(663,831)**	(8,223)
	(6,494,910)	(5,526,300)
Closing balance	**15,262,468**	15,826,521

13 CASH AND BANK BALANCES

	Note	2020	2019
Cash in hand		**8,071**	8,006
Cash at bank			
-Current accounts		**85,139,409**	57,331,500
-Saving accounts	13.1	**160,326**	111,885
		85,299,735	57,443,385
		85,307,806	57,451,391

13.1 The return on these balances is 5.5% to 7.5% (2019: 7.5% to 9%) per annum on daily product basis.

13.2 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 84.27 million (2019: Rs. 57 million).

14 AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020	2019		2020	2019
Number of shares			Rupees	
		Authorized capital:		
1,000,000	1,000,000	Ordinary shares of Rs. 100/- each	**100,000,000**	100,000,000
		Issued, subscribed and paid-up :		
		Ordinary shares of Rs. 100/- each		
974,000	974,000	issued as fully paid in cash	**97,400,000**	97,400,000

14.1 There are no agreements with shareholders with respect to voting rights, board selection, rights of first refusal and block voting.

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

Categories of shareholders	2020		2019	
Individuals	**Number of shares held**	**% of Shares held**	Number of shares held	% of Shares held
Ibrahim Ahmed Memon	**287,000**	**29.47%**	287,000	29.47%
Muhammad Amin Memon	**587,000**	**60.27%**	587,000	60.27%
Emaan Amin	**50,000**	**5.13%**	50,000	5.13%
Muhammad Mustufa Amin	**50,000**	**5.13%**	50,000	5.13%
	974,000	**100.00%**	974,000	100.00%

15 TRADE AND OTHER PAYABLES

	2020	2019
	Rupees	
Trade payables	**84,278,803**	57,006,592
Accrued expenses	**3,689,517**	2,933,186
Profit on DFCs withheld by PSX and payable to clients	**425,330**	3,011,530
Payable to NCCPL against DFC exposure demand	**507,064**	262,750
UIN net demand- Deliverable futures contracts	-	11,572,802
Others	**154,668**	142,480
	89,055,382	74,929,340

16 SHORT TERM BORROWING

Running finance	**49,269,020**	30,600,507

16.1 This represents the amount availed against a running finance facility obtained by the Company from M/s. Bank Al-Habib Limited in order to meet its working capital requirements. As of the reporting date, the limit of the facility was Rs. 200 million (2019: Rs. 200 million). The facility is secured against pledge over shares of listed companies quoted at Pakistan Stock Exchange Limited (as per bank approved list) and lien over Treasury Call account. The facility carries markup at the rate of 3-Month KIBOR +1 % p.a. (2019: 3-Month KIBOR +1 % p.a.).

16.2 As of the reporting date, the amount of unavailed facility was Rs. 150.731 million (2019: Rs. 169.399 million).

17 CONTINGENCY AND COMMITMENT

17.1 Contingency

No contingency were known to exist as at reporting date.

		Note	2020	2019
			Rupees	
17.2	**Commitment**			
	Revolving guarantee given by a Habib Metropolitan Bank Limited on behalf of the Company in favour of National Clearing Company of Pakistan Limited against DFC exposure		8,000,000	5,000,000

18 OPERATING REVENUE

		2020	2019
	Commission income	24,392,526	19,656,201
	Dividend income	36,432,744	39,412,407
		60,825,270	59,068,608

19 ADMINISTRATIVE EXPENSES

	Note	2020	2019
Salaries, benefits and allowances		24,858,300	23,693,116
Directors' remuneration		4,800,000	4,800,000
PSX service charges		1,046,403	933,244
CDC charges		1,218,012	850,901
NCCPL and other charges		870,316	690,335
Insurance expenses		82,680	234,679
Printing and stationery		116,138	100,642
Fees and subscription		1,787,462	1,400,779
Communication		351,207	393,261
Legal and professional		260,894	212,915
Auditors' remuneration - Audit fee		350,000	350,000
Vehicle running expenses		264,232	439,029
Donation	19.1	2,615,000	3,125,000
Professional taxes		577,900	238,500
Travelling and conveyance		1,963,898	1,548,207
Entertainment		184,779	453,215
Repairs and maintenance		100,500	190,310
Depreciation		1,393,602	1,553,691
General expenses		102,266	119,512
Provision for expected credit losses		-	50,889
Others		-	34,510
		42,943,589	41,412,735

19.1 The parties to whom donation exceeds the higher of 10% of the total donation paid by the Company or Rs. 1 million are as follows:

	2020	2019
	Rupees	
M/s. Indus Hospital	-	1,000,000

19.2 None of the directors of the Company or their spouses had any interest in the donee organizations.

		Note	2020	2019
			Rupees	
20	**FINANCE COSTS**			
	Markup on running finance	20.1	1,268,626	688,762
	Bank charges		110,274	95,271
			1,378,900	784,033

21 OTHER INCOME

	2020	2019
Profit on saving accounts	2,591,420	1,425,544
Profit on cash margin placed with NCCPL	513,918	522,015
Rental Income	110,273	1,081,985
Other	77,400	-
	3,293,011	3,029,544

	2020	2019
	Rupees	

22 TAXATION

	2020	2019
Current	**5,831,079**	5,518,077
Prior	**663,831**	8,223
	6,494,910	5,526,300

22.1 Reconciliation of the tax expense with accounting profit / (loss)

	2020	2019
Accounting profit / (loss) before tax	**83,013,266**	(133,541,149)
Tax at the applicable rate of 29% (2019: 29%)	**24,073,847**	-
Tax effect of exempt income and income taxed at lower rate	**(19,001,118)**	4,611,827
Tax effect of inadmissible expenses	**758,350**	906,250
Effect of prior tax	**663,831**	8,223
	6,494,910	5,526,300

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

23 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

	Note	2020	2019
		Rupees	
Cash and bank balances	*13*	**85,307,806**	57,451,391
Short term borrowings	*16*	**(49,269,020)**	(30,600,507)
		36,038,786	26,850,884

24 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel and directors of the Company as well as their close family members. Remuneration of the Chief Executive, Directors is disclosed in note 25 to these financial statements.

25 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Total	
	2020	2019	2020	2019	2020	2019
	Rupees					
Basic salary	**1,600,008**	1,600,008	**1,600,008**	1,600,008	**3,200,016**	3,200,016
House allowance	**639,984**	639,984	**639,984**	639,984	**1,279,968**	1,279,968
Utility allowance	**160,008**	160,008	**160,008**	160,008	**320,016**	320,016
	2,400,000	2,400,000	**2,400,000**	2,400,000	**4,800,000**	4,800,000
Number of persons	1	1	1	1		

25.1 The Chief Executive and Director have also been provided with free use of the Company maintained cars.

26 FINANCIAL INSTRUMENTS

26.1 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

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

Maximum exposure to credit risk

As of the reporting date, the maximum exposure to credit risk was as follows :

	Note	2020	2019
		Rupees	
Long term deposits		**4,010,200**	4,010,200
Trade debts.	*26.1.1*	**1,840,855**	1,253,889
Loan, deposit and other receivables		**1,204,674**	7,974,005
Bank balances	*26.1.2*	**85,299,735**	57,443,385
		92,355,464	70,681,479

26.1.1 Trade debts

The Company, as part of risk management strategies, reviews the clients' financial position and considers its past experience with them as well as obtains authorized approvals and arrange for necessary collaterals in the form of equity securities. Further, the Company assigns its clients trading limits (based on their net worth) which are subject to continuous monitoring and revision. In addition, proper margins are also collected from the clients.

As of the reporting date, the ageing analysis of trade debts was as follows:

	2020		2019	
	Gross	Life time expected credit losses	Gross	Life time expected credit losses
	Rupees			
Not past due			-	-
Past due 1 day - 30 days	**650,817**	-	300,828	-
Past due 31 days - 180 days	**273,892**	-	317,752	-
Past due 181 days - 1 year	**327,830**		317,906	
More than 1 year	**681,634**	**(93,318)**	523,505	(206,102)
	1,934,173	**(93,318)**	1,459,991	(206,102)

26.1.2 Bank balances

The Company's credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. As of the reporting date, the external credit ratings of the Company's bankers were as follows:

Bank	Rating agency	Short-term Rating	2020	2019
			——— Rupees ———	
Bank Al-Habib Limited	PACRA	A-1+	**83,894,669**	56,496,554
Habib Metropolitan Bank Limited	PACRA	A-1+	**893,831**	240,924
MCB Bank Limited	PACRA	A-1+	**113,926**	113,926
Bank Alfalah Limited	PACRA	A-1+	**30,125**	30,125
National Bank of Pakistan	PACRA	A-1+	**324,516**	511,359
Habib Bank Limited	JCR-VIS	A-1+	**42,668**	50,497
			85,299,735	57,443,385

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, 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. As of the reporting date, the Company was not exposed to any major concentrations of credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities:

	2020				
	Carrying amount	Contractual Cash flows	Less than six months	Six to twelve months	One to Five years
	———	——— (Rupees)	———	———	
Trade and other payables	88,700,807	(88,700,807)	(88,700,807)	-	-
Short term borrowing	49,269,020	(49,269,020)	(49,269,020)	-	-
Accrued markup	39,737	(39,737)	(39,737)	-	-
	137,969,827	(137,969,827)	(137,969,827)	-	-

	2019				
	Carrying amount	Contractual Cash flows	Less than six months	Six to twelve months	One to Five years
	(Rupees)				
Trade and other payables	74,929,340	(74,929,340)	(74,929,340)	-	-
Short term borrowing	30,600,507	(30,600,507)	(30,600,507)	-	-
	105,529,847	(105,529,847)	(105,529,847)	-	-

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

a) *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates and arises mainly where receivables and payables exist due to transactions entered into foreign currencies. As of the reporting date, the Company was not exposed to currency risk.

b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates.

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

	2020	2019	2020	2019
	Effective interest rate (%)		Carrying amounts (Rs.)	
Financial assets				
Bank deposits - pls account	5.5%-7.5%	7.5%-9%	168,326	111,885
Financial liabilities				
Short term borrowing	3-Month KIBOR +1%	3-Month KIBOR +1%	49,269,828	30,600,507

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate would not affect the carrying amount of any financial instrument.

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Effect on profit before tax	
	100 bp increase	100 bp decrease
As at June 30, 2020		
Cash flow sensitivity-Variable rate financial instruments	(491,087)	491,087
As at June 30, 2019		
Cash flow sensitivity-Variable rate financial instruments	(304,886)	304,886

c) *Other price risk*

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the Company to incur significant mark-to-market and credit losses. As of the reporting date, the Company was exposed to other price risk since it had investments in quoted securities valuing to Rs. 588.664 million (2019: 498.54 million) and also because the Company held collaterals in the form of equity securities against their debtor balances.

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

The Company's portfolio of short term investments is broadly diversified so as to mitigate the significant risk of decline in prices of securities in particular sectors of the market.

The table below summarizes the Company's other price risk as of June 30, 2020 and 2019 and shows the effects of a hypothetical 10% increase and a 10% decrease in prices in individual scrips as at the reporting date. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of markets and the aforementioned concentrations existing in Company's equity investment portfolio.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in profit before tax
June 30, 2020	***Rupees***	**588,663,905**	**10% increase**	**647,530,296**	**58,866,391**
			10% decrease	**529,797,515**	**(58,866,391)**
June 30, 2019	*Rupees*	498,540,590	10% increase	548,394,649	49,854,059
			10% decrease	448,686,531	(49,854,059)

26.2 Fair value estimate

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures the fair value of its assets and liabilities carried at fair value using the following hierarchy that reflects the significance of the inputs used in making the measurements:

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.

Presently, the only item in the financial statements that is carried at fair value is the Company's short term investment in quoted equity securities. At each reporting date, the Company re-measures the fair value of such investments based on the share prices quoted on Pakistan Stock Exchange. Hence, the Company classifies all such investments within Level 1 of the fair value hierarchy.

26.3 Financial instruments by categories

	2020	2019
	Rupees	
Financial assets		
At fair value through profit or loss		
Short term investments	**588,663,905**	498,540,590
At amortized cost		
Long term deposits	**4,010,200**	4,010,200
Trade debts	**1,840,855**	1,253,889
Loan, deposit and other receivables	**1,204,674**	7,974,005
Cash and bank balances	**85,307,806**	57,451,391
	681,027,440	569,230,075
Financial liabilities		
At amortized cost		
Trade and other payables	**88,700,807**	74,929,340
Short term borrowing	**49,269,020**	30,600,507
Accrued markup	**39,737**	-
	138,009,564	105,529,847

27 REGULATORY DISCLOSURES RELATED TO CAPITAL

27.1 General capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders.

The management seeks to maintain a ballance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Following is the quantitative analysis of what the Company manages as capital:

	2020	2019
	Rupees	
Borrowings:		
Short term borrowing	**49,269,020**	30,600,507
Shareholders' equity:		
- Issued, subscribed and paid up capital	**97,400,000**	97,400,000
- Unappropriated profit	**470,871,245**	394,352,889
- General reserves	**2,600,000**	2,600,000
	570,871,245	494,352,889
Total capital managed by the Company	**620,140,265**	524,953,396

The Company is not subject to any externally imposed capital requirements.

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27.2 Disclosure of capital adequacy level required by Central Depository Company of Pakistan Limited (CDC)

The **Capital adequacy level** as defined by CDC is calculated as follows;

	Note	2020	2019
		Rupees	
Total assets	*27.2.1*	709,731,612	599,882,736
Less: Total liabilities		(138,860,367)	(105,529,847)
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-	-
Capital adequacy level		570,871,245	494,352,889

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

27.3 Disclosure of net capital balance as required by the Securities Brokers (Licensing and Operations) Regulations, 2016

DESCRIPTION	VALUATION	Note	Rupees	
Current assets				
Cash and bank balances	As per Book Value	*27.3.1*	85,307,806	61,451,392
Trade receivables	Book Value less overdue for more than 14 days	*27.3.2*	1,259,045	3,542,624
Investment in listed securities in the name of broker.	Securities marked to market less 15% discount	*27.3.3*	463,806,210	395,686,945
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	*27.3.4*	1,204,155	905,589
Listed TFCs/Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan	Marked to market less 10% discount.		-	-
FIBs	Marked to market less 5% discount.		-	-
Treasury bills	At market value		-	
			551,677,216	461,586,550
Current liabilities				
Trade payables	Book value less overdue for more than 30 days	*27.3.5*	33,499,255	18,457,596
Other liabilities	As per Book values	*27.3.6*	105,361,112	87,072,251
			138,860,367	105,529,847
Net capital balance as at June 30, 2020			412,816,849	356,056,703

Rk

	2020	2019
	——— Rupees ———	

27.3.1 Cash and bank balances

	2020	2019
Cash in hand	**8,871**	8,006
Deposit against exposure and Losses	-	4,000,000
Bank balance pertaining to clients	**84,278,802**	57,006,592
Bank balance pertaining to brokerage house	**1,020,933**	436,794
	85,307,806	61,451,392

27.3.2 Trade receivables

	2020	2019
Book value	**1,934,173**	1,459,991
Less: Overdue for more than 14 days	**(1,446,402)**	(1,191,047)
	487,771	268,944
Receivable from NCCPL	**871,274**	3,273,680
	1,359,045	3,542,624

27.3.3 Investment in Listed Securities in the name of broker

	2020	2019
Securities marked to market	**545,654,365**	465,514,053
Less 15% discount	**(81,848,155)**	(69,827,108)
	463,806,210	395,686,945

27.3.4 Securities purchased for client

	2020	2019
Overdue balance for more than 14 days -gross value	**1,446,402**	1,191,047
Lower of overdue balance and securities held against such balance	**1,204,155**	905,589

27.3.5 Trade payables

	2020	2019
Book value	**84,278,803**	57,006,592
Less: overdue for more than 30 days	**(50,779,548)**	(38,548,996)
	33,499,255	18,457,596

27.3.6 Other liabilities

	2020	2019
Creditors overdue for more than 30 days	**50,779,548**	38,548,996
Short term borrowings	**49,269,020**	30,600,507
Accrued Liabilities and Other Payables	**5,312,544**	17,922,748
	105,361,112	87,072,251

27.4 Disclosure of net liquid balance as required by the Securities Brokers (Licensing and Operations) Regulations, 2016

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	9,905,696	100.00%	-
1.2	Intangible Assets	3,500,000	100.00%	-
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.		5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
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.	545,654,365	84,215,737	461,438,628
	ii. If unlisted, 100% of carrying value.		100.00%	-
	iii.Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been 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)	43,009,540	43,009,540	-
1.6	Investment in subsidiaries		100.00%	-
1.7	**Investment in associated companies/undertaking**			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	4,000,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.		-	-
1.10	Deposit with authorized intermediary against borrowed securities under SLB.		-	-
1.11	Other deposits and prepayments	46,208	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)		-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties		100.00%	-
1.13	Dividends receivables.		-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. ***(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	333,400		333,400
	Receivables other than trade receivables	15,262,468	100.00%	-
1.16	**Receivables from clearing house or securities exchange(s)**			
	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.		-	-
	ii. Receivable on entitlements against trading of securities in all markets including MtM gains.	871,274	-	871,274

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.17	**Receivables from customers**			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. *i. 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*		5.00%	-
	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*	376,485	-	376,485
	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*	1,464,376	1,282,530	1,282,530
	vi. 100% haircut in the case of amount receivable form related parties.	-	100.00%	-
1.18	**Cash and Bank balances**			
	i. Bank Balance-proprietory accounts	1,020,933	-	1,020,933
	ii. Bank balance-customer accounts	84,278,802	-	84,278,802
	iii. Cash in hand	8,071	-	8,071
1.19	**Total Assets**	**709,731,612**		**549,638,123**
2. Liabilities				
2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house		-	-
	ii. Payable against leveraged market products		-	-
	iii. Payable to customers	84,278,803	-	84,278,803
2.2	**Current Liabilities**			
	i. Statutory and regulatory dues		-	-
	ii. Accruals and other payables	5,312,544	-	5,312,544
	iii. Short-term borrowings	49,269,020	-	49,269,020
	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			
	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		-	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2. Liabilities				
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 Liabilities**	**138,860,367**		**138,860,367**
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	-	8,628,716	8,628,716

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.	Ranking Liabilities Relating to :			
3.9	**Opening Positions in futures and options**			
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts		-	-
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met		-	-
3.10	**Short sell 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**	-	8,628,716	8,628,716
		570,873,245	Liquid Capital	402,121,840

28 GENERAL

28.1 Impact of COVID-19 on the financial statements

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as pandemic by the World Health Organization (WHO) on March 11, 2020 impacting countries globally. Government of Pakistan has taken certain measures to reduce the spread of COVID-19 including lockdown of business, closure of non-essential services etc. The unprecedented curtailment in economic and social activities , business and financial challenges across various sectors of the economy in Pakistan remained disturbed mainly in last quarter of the financial year. However, after lifting of the lockdown, PSX started to revive with increased trading activity with normalization of business and economic activities .

In connection with the accounting and reporting obligations as required in circular 26 of 2020 issued by SECP, the management of the company assessed the impact of COVID-19 related events on its financial statements particularly its impact on the appropriateness of the use of the going concern assumption. The management has assessed the accounting implication arising out of aforementioned developments on these financial statements and conclude that there is no significant accounting implications arising out of the effects of COVID-19 in these financial statements.

28.2 Number of employees

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2020	2019
	Number	
Total number of employees as at June 30	26	28
Average number of employees during the year	27	29

28.3 Date of authorization of the financial statements

These financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on ________ [illegible] SEP [illegible]

28.4 Level of rounding

Figures in these financial statements have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR