AUDITED FINANCIAL STATEMENTS
OF
MUHAMMAD MUNIR MUHAMMAD AHMED KHANANI SECURITIES LIMITED
FOR THE YEAR ENDED
JUNE 30, 2020

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

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INDEPENDENT AUDITORS' REPORT

To the members of Mohammad Munir Mohammad Ahmed Khanani Securities Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **M/s. Mohammad Munir Mohammad Ahmed Khanani Securities 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 and 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.

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.

- 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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Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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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);

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: 01 OCT 2020

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		Rupees	
ASSETS			
Non-current assets			
Property and equipment	5	26,748,964	30,415,072
Intangible assets	6	6,312,698	2,513,842
Long term deposits	7	2,290,000	2,190,000
Investment property	8	116,960,337	22,673,839
		152,311,999	57,792,753
Current assets			
Short term investment - Fair value through profit or loss	9	988,927,819	867,313,700
Trade debts	10	1,054,231,553	439,823,804
Advances, deposits and other receivable	11	21,283,898	60,199,463
Income tax refundable		78,452,822	73,649,155
Cash and bank balances	12	571,748,836	382,729,323
		2,714,644,928	1,823,715,445
Total assets		2,866,956,927	1,881,508,198
EQUITIES AND LIABILITIES			
Share capital and reserves			
Authorized capital			
50,000,000 (2019: 50,000,000) ordinary shares of Rs.10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up capital	13	395,140,540	395,140,540
Unappropriated profit		949,946,453	586,774,762
		1,345,086,993	981,915,302
Current liabilities			
Short term borrowings	14	792,835,689	481,564,998
Trade and other payables	15	722,584,303	404,566,689
Accrued markup		6,449,942	13,461,209
		1,521,869,934	899,592,896
Contingencies and commitments	16	-	-
Total equity and liabilities		2,866,956,927	1,881,508,198

The annexed notes from 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		——— Rupees ———	
Operating revenue	*17*	**161,285,612**	165,605,399
Capital gain / (loss) on sale of investments	*18*	**124,090,233**	(481,206,453)
Unrealize gain /(loss) on re-measurement of equity securities at FVTPL-net	*9*	**220,044,166**	(109,016,869)
		505,420,011	(424,617,923)
Administration expenses	*19*	**(74,266,812)**	(60,873,790)
Finance costs	*20*	**(74,384,016)**	(73,895,150)
Other income	*21*	**13,472,912**	21,033,491
Profit / (loss) before taxation		**370,242,095**	(538,353,372)
Taxation	*22*	**(7,070,404)**	(27,417,674)
Profit / (loss) after taxation		**363,171,691**	(565,771,046)
Earning / (loss) per share	*23*	**9.19**	(14.32)

The annexed notes from 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	Rupees	
Profit / (loss) after taxation	**363,171,691**	(565,771,046)
Other comprehensive income		
Total comprehensive loss for the year	**363,171,691**	(565,771,046)

The annexed notes from 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE

Hussain

DIRECTOR

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed & paid up capital	Unapprorpiated profit	Surplus on remeasurement of investments	Total
	Rupees			
Balance as at July 1, 2018 (as previously reported)	395,140,540	1,123,359,679	2,193,496	1,520,693,715
Effect of adoption of new accounting standards	-	29,186,129	(2,193,496)	26,992,633
Balance as at July 1, 2018 (restated)	395,140,540	1,152,545,808	-	1,547,686,348
Loss after taxation	-	(565,771,046)	-	(565,771,046)
Other comprehensive loss	-	-	-	-
Balance as on June 30, 2019	395,140,540	586,774,762	-	981,915,302
Profit after taxation	-	363,171,691	-	363,171,691
Other comprehensive loss	-	-	-	-
Balance as on June 30, 2020	395,140,540	949,946,453	-	1,345,086,993

The annexed notes from 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		——— Rupees ———	
Profit / (loss) before taxation		**370,242,095**	(538,353,372)
Adjustments for :			
Depreciation		**9,381,903**	6,583,566
Amortization of software		**294,966**	5,932
Capital (gain) / loss on sale of investments		**(124,090,233)**	481,206,453
Reversal of impairment of receivables - net		**(1,677,140)**	(10,696,778)
Unrealize gain/(loss) on re-measurement of equity securities at FVTPL - net		**(220,044,166)**	109,016,869
Financial charges		**74,384,016**	73,895,150
		(261,750,654)	660,011,192
Operating profit / (loss) before working capital changes		**108,491,441**	121,657,820
Change in working capital			
(Increase)/decrease in current assets			
Trade debts		**(612,730,609)**	257,491,299
Advances, deposits and other receivable		**38,915,565**	(203,599)
		(573,815,044)	257,287,700
Increase/(decrease) in current liabilities			
Trade and other payables		**318,017,614**	(152,928,540)
Cash generated from operations		**(147,305,989)**	226,016,980
Financial charges paid		**(81,395,283)**	(75,189,494)
Income tax paid		**(11,874,071)**	(28,996,698)
Net cash flow from operating activities		**(240,575,343)**	121,830,788
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(1,963,293)**	(122,500)
Purchase of Intangible		**(4,093,822)**	-
Purchase / (sale) of investments-net		**222,520,280**	(112,906,505)
Purchase of Investment properties		**(98,039,000)**	-
Long term deposits		**(100,000)**	100,000
Net cash inflow from investing activities		**118,324,165**	(112,929,005)
Net increase in cash and cash equivalents		**(122,251,178)**	8,901,783
Cash and cash equivalents at the beginning of the year		**(98,835,675)**	(107,737,458)
Cash and cash equivalents at the end of the year	*24*	**(221,086,853)**	(98,835,675)

The annexed notes from 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE | **DIRECTOR**

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 STATUS AND NATURE OF BUSINESS

Mohammad Munir Mohammad Ahmed Khanani Securities Limited ('the Company') is a private limited Company incorporated under the repealed Companies Ordinance, 1984 on March 02, 2006. The Company is a Trading Right Entitlement Certificate Holder of the Pakistan Stock Exchange Limited. The registered office of the Company is located at Room No. 624-627, Stock Exchange Building, Pakistan Stock Exchange Road, Karachi. The principal activity of the Company is to carry on the business of stock, brokerage, underwriting and investment etc.

2 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The Covid-19 pandemic and resultant imposition of lock down by Federal and Provincial Governments of Pakistan forced most of the businesses to closure, suspension of international flight operations and inter-city movements and cancellation of major events and significant monetary and fiscal adjustments mainly in that affects third and fourth quarter of the financial year. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). The management had analysed the events as these are indicative of conditions for a review of recoverable amounts of assets of the Company and consequently concluded that there is no significant change in recoverable amounts of Company's assets at the reporting date. Further, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period also.

3 BASIS OF PREPARATION

3.1 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 comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountant of Pakistan as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments carried at Fair value through profit and loss which are carried at fair value.

3.3 Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest thousands of rupees, unless otherwise stated

3.4 Use of estimates and judgments

The preparation of unconsolidated 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 the accounting estimates are recognised in the periods in which the estimates are revised and in any future periods affected. Significant estimates, assumptions and judgements are disclosed in the relevant accounting policies and notes to these unconsolidated financial statements

Following are the significant areas where management used estimates and judgements other than those which have been disclosed elsewhere in these unconsolidated financial statements.

(a) Determining the residual values and useful lives of property and equipments, investment properties and intangibles;
(b) Provisions;
(c) Recognition of taxation;
(d) Provision for taxation
(e) Impairment of trade debts and other receivables;
(f) Commitments and contingencies;
(g) Determining the fair value of equity instruments designated as FVTOCI;

3.5 New or Amendments / Interpretations to Existing Standards, Interpretations

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 1 July 2019 other than those disclosed in note 3.1, are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

3.5.1 Standards, interpretations and amendments to published approved accounting standards 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 1 July 2020:

- 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 1 January 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 standard is effective for transactions in the future and therefore would not have an impact on past 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 1 January 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.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 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 1 June 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.

- 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.

- *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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the significant accounting policies consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

4.1 Change in significant accounting policies

The Company has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from annual periods beginning on or after 01 January 2019 and the key changes to the Company's accounting policies resulting from adoption of IFRS 16 are summarized below:

IFRS 16 "Leases"

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases- Incentive" and SIC-27 "Evaluating the substance of transactions involving the legal form of a Lease". It results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases has been removed. Under the new standard, an asset (the right of use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The Company did not have any property leases arrangement therefore, adoption of IFRS 16 at 1 July 2019 did not have an effect on the financial statements of the Company.

4.2 Property and equipment

Owned

Property and equipments are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises expenditure that is directly attributable to the acquisition of the asset including borrowing costs.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss as and when incurred except major repairs which are capitalized.

Depreciation on all property and equipment is charged using reducing balance method in accordance with the rates specified in note 5 to these financial statements. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date. Depreciation on additions is charged from the date when the assets become available for use till the date of disposal.

4.3 Intangible assets

Computer software

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using reducing balance method over assets estimated useful life at the rates stated in note 6.1, after taking into accounts residual value, if any. The residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed off.

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

Trading Rights Entitlement (TRE) Certificate

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet 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.

4.4 Investment property

Investment property, which is property held to earn rentals and for capital appreciation. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises expenditure that is directly attributable to the acquisition of the asset including transaction costs.

Depreciation on investment property is charged using reducing balance method in accordance with the rates specified in note 8 to these financial statements. The useful life and depreciation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

4.5 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value plus directly attributable transaction cost, if any, and subsequently measured at amortised cost using the effective interest rate method less provision for impairment, if any.

4.6 Cash and Cash equivalents

Cash in hand and at banks are carried at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, bank balances and short term borrowings.

4.7 Trade and other payables

Liabilities for trade and other amounts payable are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method.

4.8 Taxation

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

Current tax

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

4.9 Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

4.10 Financial instruments

4.10.1 *Classification and initial measurement*

The Company classifies its financial instruments in the following categories:

(a) at fair value through profit and loss ("FVTPL"),
(b) at fair value through other comprehensive income ("FVTOCI"), or
(c) at amortised cost.

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

(a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or

(b) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company 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.

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4.10.2 *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 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 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 profit and loss account.

4.10.3 ***Impairment***

The Company's only financial asset that is subject to the impairment requirements of IFRS 9 is trade receivables.

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

4.10.4 ***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.

4.11 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 and loss account.

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.

4.12 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to setoff the recognised amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

4.13 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

4.14 Revenue recognition

Revenue from trading activities

Commission revenue from trading of securities is recegnized 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.

Interest income

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

Rental income

Rental income from investment property is recognized on accrual basis.

5 PROPERTY AND EQUIPMENT

	Office Premises	Office Equipment	Computers	Furniture and Fixtures	Vehicles	Total
As at June 30, 2018						
Cost	7,500,000	2,914,263	15,923,508	327,659	29,145,015	55,810,445
Accumulated depreciation	(1,096,481)	(1,522,137)	(12,685,162)	(208,378)	(4,615,509)	(20,127,667)
Net book value	**6,403,519**	**1,392,126**	**3,238,346**	**119,281**	**24,529,506**	**35,682,778**
Year ended June 30, 2019						
Opening net book value	6,403,519	1,392,126	3,238,346	119,281	24,529,506	35,682,778
Additions during the year	-	-	122,500	-	-	122,500
Depreciation for the year	(320,176)	(139,213)	(12,988)	(11,928)	(4,905,901)	(5,390,206)
Closing net book value	**6,083,343**	**1,252,913**	**3,347,858**	**107,353**	**19,623,605**	**30,415,072**
As at June 30, 2019						
Cost	7,500,000	2,914,263	16,046,008	327,659	29,145,015	55,932,945
Accumulated depreciation	(1,416,657)	(1,661,350)	(12,698,150)	(220,306)	(9,521,410)	(25,517,873)
Net book value	**6,083,343**	**1,252,913**	**3,347,858**	**107,353**	**19,623,605**	**30,415,072**
Year ended June 30, 2020						
Opening net book value	6,083,343	1,252,913	3,347,858	107,353	19,623,605	30,415,072
Additions during the year	-	-	1,963,293	-	-	1,963,293
Depreciation for the year	(304,167)	(125,291)	(1,264,487)	(10,735)	(3,924,721)	(5,629,401)
Closing net book value	**5,779,176**	**1,127,622**	**4,046,664**	**96,618**	**15,698,884**	**26,748,964**
As at June 30, 2020						
Cost	7,500,000	2,914,263	18,009,301	327,659	29,145,015	57,896,238
Accumulated depreciation	(1,720,824)	(1,786,641)	(13,962,637)	(231,041)	(13,446,131)	(31,147,274)
Net book value	**5,779,176**	**1,127,622**	**4,046,664**	**96,618**	**15,698,884**	**26,748,964**
Annual rates of depreciation	**5%**	**10%**	**30%**	**10%**	**20%**	

6 INTANGIBLE ASSETS

	Note	2020	2019
		Rupees	
Computer software	*6.1*	**3,812,698**	13,842
Trading Rights Entitlement (TRE) Certificate	*6.2*	**2,500,000**	2,500,000
		6,312,698	2,513,842

6.1 Computer Software

	2020	2019
Cost		
Opening as at July 1	**1,000,000**	1,000,000
Additions during the year	**4,093,822**	-
Closing balance	**5,093,822**	1,000,000
Accumulated amortization		
Opening as at July 1	**(986,158)**	(980,226)
Charge for the year	**(294,966)**	(5,932)
Closing balance	**(1,281,124)**	(986,158)
Net book value as at June 30	**3,812,698**	13,842
Amortisation rate	**30%**	30%

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

	Note	2020	2019
7 LONG TERM DEPOSITS		**Rupees**	
Deposit placed with			
Central Depository Company- Basic deposit		**100,000**	100,000
National Clearing Company of Pakistan- Basic deposit		**200,000**	200,000
National Clearing Company of Pakistan- IPO deposit		**100,000**	100,000
National Clearing Company of Pakistan- MFS		**100,000**	-
National Clearing Company of Pakistan- Future		**1,200,000**	1,200,000
Pakistan Mercantile Exchange Limited- Basic deposit		**500,000**	500,000
Others		**90,000**	90,000
		2,290,000	2,190,000

8 INVESTMENT PROPERTY

	Note	2020	2019
As at July 01			
Cost		**25,599,482**	25,599,482
Accumulated depreciation		**(2,925,643)**	(1,732,283)
Opening carrying value		**22,673,839**	23,867,199
Additions for the year		**98,039,000**	-
Depreciation expense for the year		**(3,752,502)**	(1,193,360)
Closing carrying value	*8.1*	**116,960,337**	22,673,839
Annual rate of depreciation		**5%**	5%

8.1 This represents investment in following properties to earn rental income or capital appreciation;

- Showroom No.102, The Residence, Plot, D-18, Block-8, Khaliq uz Zaman Road, Clifton, Karachi
- Banglow No 556, measuring 1 Kanal, Airline Housing Scheme, Raiwind, Lahore.
- Commercial Plot No. 60 measuring 266.67 Square yards, Basement, Ground and First floor, Eman Square, Chaklala scheme III, Rawalpindi.

8.2 The property located in Rawalpindi as detailed above, is in the name of Chief Executive Officer / director Mr. Muhammad Munir and shall be transferred in the name of Company in due course of time.

	Note	2020	2019
		Rupees	
9 SHORT TERM INVESTMENTS - FAIR VALUE THROUGH PROFIT OR LOSS			
Investment in quoted securities			
Cost of investment		**886,804,696**	1,125,895,194
Transfer from long term investments		-	10,811,940
Cost of mutual funds	*9.1*	**153,472,391**	2,000,000
		1,040,277,087	1,138,707,134
(Deficit) on revaluation			
Opening balance		**(271,393,434)**	(172,918,205)
Transfer from long term investments		-	10,541,640
Gain / (Loss) recognized during the year		**220,044,166**	(109,016,869)
		(51,349,268)	(271,393,434)
		988,927,819	867,313,700

			2020	2019
			Rupees	
9.1	**Investment in mutual funds:**			
	AKD Islamic income fund		-	1,000,000
	AKD Islamic stock fund		**1,000,000**	1,000,000
	Nafa Money Market Fund		**152,472,391**	-
			153,472,391	2,000,000

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

	Note	2020	2019
		Rupees	
Pledged with Banks			
Clients		**35,260,400**	173,797,465
Brokerage House		**35,669,053**	599,835,463
		70,929,453	773,632,928
Pledged with PSX / NCCPL			
Clients		-	27,220,524
Brokerage House		**12,498,400**	146,675,792
		12,498,400	173,896,316

10 TRADE DEBTORS

	Note	2020	2019
Considered good- secured		**509,667,423**	295,697,039
Considered doubtful- unsecured		**26,412,679**	16,074,750
Trade receivables - gross		**536,080,102**	311,771,789
Less: Impairment against trade receivable	*10.1*	**(26,412,679)**	(16,074,750)
		509,667,423	295,697,039
Receivable against Margin Financing - gross		**544,564,130**	156,141,834
Less: Impairment against margin financing receivable	*10.2*	**-**	(12,015,069)
		544,564,130	144,126,765
		1,054,231,553	439,823,804

10.1 Movement in provision for doubtful trade debts

	2020	2019
Balance at the beginning of the year (as previously reported)	**16,074,750**	65,779,230
Add: Effect of application of IFRS 9	-	(61,934,333)
Balance at the beginning of the year (restated)	**16,074,750**	3,844,897
Charged during the year	**10,337,929**	12,229,853
Balance at the end of the year	**26,412,679**	16,074,750

10.2 Movement in provision for doubtful margin financing receivable

	2020	2019
Balance at the beginning of the year (as previously reported)	**12,015,069**	-
Add: Effect of application of IFRS 9	-	34,941,700
Balance at the beginning of the year (restated)	**12,015,069**	34,941,700
Reversed during the year	**(12,015,069)**	(22,926,631)
Balance at the end of the year	-	12,015,069

10.3 The Company held equity securities having fair value of Rs. 2,349.7 million owned by its clients, as collaterals against trade debts - brokerage and operating and margin finance receivables. The aging analysis of the total receivable from clients (i.e. inclusive of trade debts - brokerage and operating, and receivable against margin financing) as at the reporting date has been disclosed in note 26.1.1.

		2020	2019
		Rupees	
11	**ADVANCES, DEPOSITS AND OTHER RECEIVABLES**		
	Advances		
	Advance to PMEX against offices	**10,000,000**	10,000,000
	Other receivables		
	Receivable from PSX against profit held on Deliverable Futures Contracts	**2,308,097**	14,003,140
	Receivable from NCCPL	**7,994,082**	-
	MTS concentration margin placed with NCCPL	**981,719**	1,424,128
	Accrued markup	-	32,242,161
	Others	-	2,530,034
		21,283,898	60,199,463
12	**CASH AND BANK BALANCES**		
	Cash in hand	**415,737**	415,737
	Cash at banks - current accounts	**457,428**	581,938
	Cash at banks - saving accounts	**570,875,671**	381,731,648
		571,748,836	382,729,323

12.1 The return on these balances is 4.5% to 7% (2019: 7.5% to 9%) per annum on daily product basis.

12.2 Bank balances include customers' bank balances held in designated bank accounts amounting Rs. 571,086,725 (2019: Rs. 382,304,386).

13 ISSUED, SUBSCRIBED & PAID UP CAPITAL

2020	2019		2020	2019
(Number of shares)			Rupees	
39,514,054	39,514,054	Ordinary shares of Rs.10/- each fully paid in cash	**395,140,540**	395,140,540

13.1 Pattern of shareholding

Categories of shareholders	2020		2019	
	Number of shares held	**% of Shares held**	Number of shares held	% of Shares held
Individuals				
Muhammad Munir Khanani	**39,513,854**	**99.9995%**	39,513,854	99.9995%
Manzoor Ahmed	**100**	**0.0003%**	100	0.0003%
Mohammad Arif	**100**	**0.0003%**	100	0.0003%
	39,514,054	**100.00%**	39,514,054	100.00%

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

			2020	2019
14	**SHORT TERM BORROWING**	*Note*	**——— Rupees**	**———**
	Conventional financing			
	Askari Bank Limited	*14.1*	**23,027,666**	47,497,683
	JS Bank Limited	*14.2*	**150,849,939**	269,187,315
	Soneri Bank Limited	*14.3*	**375,413,136**	164,880,000
	Bank Al Habib	*14.4*	**161,854,948**	-
	Islamic financing			
	Dubai Islamic Bank	*14.5*	**81,690,000**	-
			792,835,689	481,564,998

14.1 This represents short term running finance facilities amounting to Rs. 500 million (2019: Rs. 500 million) from Askari Bank Limited for working capital requirement (margin finances requirements) at a markup of 1 month kibor + 2% per annum (2019: 3 month kibor +2% per annum) and is secured by:

> Pledge of shares / Third party shares as per Bank's approved list.
> Personal guarantee of all directors.

The facility is due to expire on December 31, 2020.

14.2 This represents running finance facility amounting to Rs. 800 million (2019: 1,500 million) from JS Bank Limited for working capital requirement (margin finances requirements) at a markup of 1 month kibor + 2.0% per annum (2019:1 month Kibor plus 1.85%) and is secured by:

> Pledge of shares with a flat margin of 30% on shares as per JS Bank approved list;
> Personal guarantee of director holding more than 10%;
> Equitable mortgage of residential bungalow at plot no. B-18,NHS, Karsaz, Dalmia. Road, Karachi.
> 1st Equitable mortgage of Commercial Plot D-18, Block-8, KDA Scheme No.5, Clifton, Karachi

The facility is due to expire on June 30, 2020.

14.3 This represents running finance facility amounting to Rs. 500 million (2019: Rs. 500 million) from Soneri Bank Limited for working capital requirement (margin finances requirements) at a markup of 3 month kibor + 1.5% per annum (2019: 3 month kibor + 1.5% per annum) and is secured by:

> Pledge of all approved shares with 30% margin as per approved list or 30%-60% margin for unapproved;
> Pledge of all money market mutual funds of approved asset management companies with 10% margin;

The facility is due to expire on 30 November 2020.

14.4 This represents short term running finance facility amounting to Rs. 500 million (NIL) from Bank Al Habib Limited for working capital requirement (margin finances requirements) at a markup of 3 month average kibor plus 2% per annum and is secured by:

> Pledge of shares of listed companies as per Bank's approved list with 30% margin;
> Pledge of shares of un-approved listed companies with 40% margin and aggregate exposure limit of 200 million.
> Personal guarantee of Mr. Muhammad Munir Khanani

14.5 This represents Shares Murabaha facility amounting to Rs. 200 million (2019: Nil) from Dubai Islamic Bank for Purchase of Sharia Compliant shares on DIBPL's approved list at a profit rate of relevant kibor plus 2% per annum (2019: Nil) and is secured by:

> Pledge od shares with 40% margin as per approved DIBPL list;
> All shares to be held in DIBPL-CDC account before disbursement of limit and shares require exposure of Rs. 182 million.
> Registered mortgage charge of PKR 0.100 million and equitable mortgage charge over following;
- Plot # F-246, Situated at SITE Karachi;
- Shop # G-3, Rex Centre, Saddar Bazar, Karachi.

The facility is due to expire on December 31, 2020

15 TRADE AND OTHER PAYABLES

	2020	2019
	Rupees	
Trade payables	**569,605,895**	381,843,645
Accrued expenses	**4,628,894**	1,713,950
Sind sales tax payable	**2,399,271**	928,708
Withholding income tax payable	**1,958,814**	443,669
Payable to agents	**16,533,956**	6,780,602
Future profit withheld	**3,878,375**	12,856,115
UIN net demand	**123,312,431**	-
Security Deposit on Islamabad Property	**266,667**	-
	722,584,303	404,566,689

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

The Taxation Officer Inland Revenue has created Demand for tax year 2014 amounted to Rs. 33,588,759/-. The said is duly challenged before the Appellate Tribunal Inland Revenue Karachi which is pending adjudication. In addition to this, the company has also filed appeal with Honorable Sindh High Court, Karachi C.P.No. D-4552 of 2017 seeking stay for recovery of tax demand which is duly granted to the Company. The Sindh High Court has passed the interim order and directed not to enforce recovery till next date of hearing.

16.2 Commitment

	2020	2019
	Rupees	
Bank guarantee provided in favour of NCCPL against deliverable futures contracts	**45,000,000**	45,000,000
Bank guarantee provided in favour of NCCPL against ready market	**58,000,000**	-
Bank guarantee provided in favour of NCCPL against margin trading system	**42,000,000**	-

17 OPERATING REVENUE

	2020	2019
Brokerage income		
Commission income	**273,818,737**	143,844,282
Less: Commission paid	**(161,937,785)**	(68,635,369)
Net commission earned	**111,880,952**	75,208,913
Markup / interest on:		
Profit on Future cash margin	**1,580,203**	775,416
Income under Margin Trading system	**788,193**	468,813
Income under Margin Financing system	**28,356,632**	36,614,949
Dividend income	**18,679,632**	45,648,224
Commission on share application	-	47,784
Others	-	6,841,300
	161,285,612	165,605,399

			2020	2019
18	**CAPITAL GAIN / (LOSS) ON SALE OF INVESTMENTS**	*Note*	**Rupees**	
	Gain / (loss) on disposal of investments		**124,090,233**	(481,206,453)

18.1 Above gain on sale of investments has been computed and recorded as per the IFRS-9 and accounting policies disclosed in notes 4.10 to the financial statements.

The computation of taxable capital gain / (loss) during the year is regulated by NCCPL in accordance with section 37A read with Rule 13N as laid down in Income Tax Rules, 2002 and accordingly NCCPL collect tax on capital gains after adjustment of carryforward capital loss (if any) as provided in Eighth Schedule to the Income Tax Ordinance, 2001. The extract of NCCPL Capital gain / (loss) is reproduced hereunder;

Taxable Capital gain on securities acquired on or after July 2016	566,910,553
Taxable Capital loss on securities acquired on or after July 2016	(525,937,621)
Taxable Capital gain on securities acquired before 2016 but after 2013	715,890
Taxable Capital loss on securities acquired before 2016 but after 2013	(347,940)
Net Taxable Capital gain / (loss) during the year	41,340,882
Adjustable Capital Loss carryforward for the tax year 2019	(563,062,697)
Adjustable Capital Loss carryforward for next financial year	(521,721,815)

			2020	2019
19	**ADMINISTRATIVE EXPENSES**	*Note*	**Rupees**	
	Staff salaries and allowances		**10,974,603**	8,691,540
	Directors' remuneration	*19.1*	**600,000**	600,000
	PSX charges		**8,525,227**	8,167,057
	CDC charges		**3,306,957**	7,311,159
	NCSS and UIN charges		**7,247,400**	9,185,879
	IKATS and gateway charges		**969,390**	433,195
	Traveling and Conveyance		**102,000**	-
	Telephone and fax bills		**571,157**	528,960
	Insurance		**1,312,404**	565,000
	Communication		**2,379,696**	1,758,902
	Repair and Maintenance		**-**	8,969
	Legal and professional charges		**2,127,346**	416,680
	Printing and stationary		**164,005**	276,055
	Electricity bills		**1,365,509**	1,351,779
	Office service charges		**1,610,898**	915,896
	General expense		**698,464**	211,065
	Audit fee		**648,000**	600,000
	Water charges		**182,400**	210,000
	Postage and courier		**45,955**	130,027
	Software charges		**2,004,033**	888,763
	Fees and subscription		**1,000,706**	2,028,370
	Rent, rates and taxes		**1,548,846**	1,644,996
	Donation		**17,204,947**	8,360,000
	Amortization of software		**294,966**	5,932
	Depreciation on investment property	*8*	**3,752,502**	1,193,360
	Depreciation on property and equipment	*5*	**5,629,401**	5,390,206
			74,266,812	60,873,790

19.1 Chief Executive, Director and Executives Remuneration

	Chief Executive		Directors		Exceutives		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	Rupees							
Basic salary	-	-	**400,000**	400,000			**400,000**	400,000
House allowance	-	-	**160,000**	160,000			**160,000**	160,000
Utility allowance	-	-	**40,000**	40,000			**40,000**	40,000
	-	-	**600,000**	600,000	-	-	**600,000**	600,000
Number of persons	-	-	**1**	1	-	-	**1**	1

19.2 None of the directors or their spouses have any interest in donees.

19.3 The Company has made donations to the following parties amongst others above the prescribed limit during the period;

-Khadim-E-Insaaniyat Welfare Intl Trust
-Imkaan Welfare Organization
-Child Life Foundation
-Adamjee Eye Hospital
-SIUT Trust
-Bantva Town Memon Welfare Committee
-Bait-Ul-Sukoon
-Dar Us Shifa Foundation
-The Indus Hospital
-Shaukat Khanum Memorial Trust

19.4 The details of income tax that was required to be deducted by the Company as a withholding agent u/s 153, u/s 149 and other applicable provisions of Income tax ordinance, 2001 is as follows;

Particulars	Expense / Payments made during the year	Exempt / below limit	Payments subject to tax deduction	Rate	WHT deducted
STAFF SALARIES & ALLOWANCES					
FAISAL MALIK	720,000	-	720,000	As per slab	6,000
SAIYAR MOHAMMED	720,000	-	720,000	As per slab	6,000
ADNAN M.YOUSUF	756,000	-	756,000	As per slab	7,800
FARHANA SABA	514,000	-	514,000	As per slab	11,120
DILIP PREM GIR	756,000	-	756,000	As per slab	7,800
MOHAMMED AFTAB	720,000	-	720,000	As per slab	6,000
AHMED ABU TALIB	708,000	-	708,000	As per slab	5,400
MOHAMMED IQBAL	756,000	-	756,000	As per slab	7,800
YASIR	744,000	-	744,000	As per slab	7,200
KHURRAM FOJDAR	756,000	-	756,000	As per slab	7,800
M.JUNAID	720,000	-	720,000	As per slab	6,000
TOUSEEF	750,000	-	750,000	As per slab	7,500
ABDUL RAZZAK	756,000	-	756,000	As per slab	7,800
SALEH MOHAMMED	726,000	-	726,000	As per slab	6,300
KAMRAN A.SATTAR	732,000	-	732,000	As per slab	6,600
EMPLOYEES OLD-AGE BENEFITS	140,603	-	140,603	As per slab	-
DIRECTORS' REMUNERATION	600,000	600,000	-	N/A	-
PSX CHARGES PAID	8,525,227	2,503,272	6,021,955	3%	180,659
NCCPL CHARGES PAID	9,509,925	-	9,509,925	8%	760,794
NCCPL Charges recovered from Clients	(2,262,525)				
Expense for the year	7,247,400				
CDC CHARGES PAID	7,236,721	-	7,236,721	8%	578,938
CDC Charges recovered from Clients	(3,929,764)				
Expense for the year	3,306,957				

Particulars	Expense / Payments made during the year	Exempt / below limit	Payments subject to tax deduction	Rate	WHT deducted
KATS ANNUAL FEE	969,390	-	969,390	3%	29,082
TRAVELING & CONVEYANCE - M.I.T Travel & tour	102,000	102,000	-	N/A	-
TELEPHONE & FAX BILLS - PTCL	571,157	-	571,157	0	31,685
INSURANCE					
Allians Health Insurance Staff	725,000		-	N/A	-
EFU General Insurance	497,700		-	N/A	-
Pak Qatar General Takaful	89,704		-	N/A	-
COMMUNICATION					
E-Ocean Pvt Limited (Sms Solution) paid	981,623	-	981,623	3%	29,449
SMS Charges recovered from clients	(932,678)				
Expense for the year	48,945				
Cybernet	344,579	-	344,579	8%	27,566
Karkao Studios Pvt Ltd	54,348	-	54,348	8%	4,348
Jazz / Warid	21,270	-	21,270	13%	2,659
Ptcl Internet	1,910,554	-	1,910,554	13%	238,820
LEGAL AND PROFESSIONAL CHARGES					
VIS Credit Rating Company Ltd	508,500	-	508,500	8%	40,680
Essani Law Associates	20,000	-	20,000	10%	2,000
Siddiqui & Raza	500,000	-	500,000	10%	50,000
Najmi	83,340	-	83,340	10%	8,334
Minto & Mirza	900,000	-	900,000	10%	90,000
Frants & Company	115,506	-	115,506	10%	11,551
PRINTING & STATIONARY PAID	334,710	-	334,710	4.50%	15,062
A/c opening form charges recovered from Clients	(170,705)				
Expense for the year	164,005				
ELECTRICITY BILLS - PSX	1,365,509	1,365,509	-	N/A	-
OFFICE SERVICE CHARGES					
Pakistan Stock Exchange room service	827,600	-	827,600	3%	24,828
Siddique Trade Centre (Lahore)-Office maintenance	363,298	-	363,298	3%	10,901
Siddique Trade Centre (Lahore)-rent	420,000	-	420,000	Slab	11,000
GENERAL EXPENSE					
Parking Charges Paid To Psx	354,000	-	354,000	3%	10,620
Parking Charges recovered from staff	(257,996)				
Expense for the year	96,004				
Advertisement Expenses	75,000	-	75,000	3%	2,250
Out Of Pocket Expenses To Auditors	30,000	30,000	-	N/A	-
SECP Penalty	15,025	15,025	-	N/A	-
CDC Panelty	350,000	350,000	-	N/A	-
RSA Token To Nccpl	132,435	-	132,435	8%	10,595

Particulars	Expense / Payments made during the year	Exempt / below limit	Payments subject to tax deduction	Rate	WHT deducted
AUDIT FEE- RSRIR CA'S	648,000	-	648,000	10%	64,800
WATER CHARGES- PAKISTAN BEVERAGES	182,400	-	182,400	4%	7,296
POSTAGE AND COURIER					
Tcs (Pvt) Ltd.	84,767	-	84,767	3%	2,543
M&P Express Logistics (Pvt) Ltd	56,888	-	56,888	3%	1,707
Less: Recovered from clients	(95,700)				
Expense for the year	45,955				
SOFTWARE CHARGES					
Microlinks (Pvt) Limited	1,305,693	-	1,305,693	3%	39,171
Catalyst It Solutions (Pvt) Ltd.	698,340	-	698,340	3%	20,950
FEES AND SUBSCRIPTION					
Akseer Research	300,580	-	300,580	8%	24,046
CS Solutions Pvt Limited	467,590	-	467,590	3%	14,028
Secp (Form A, 29)	48,860	48,860	-		-
Secp Broker Renewal	50,025	50,025	-		-
Branch Renewal Fee - Psx	55,000	-	55,000	3%	1,650
TV Connection Fee - Psx	43,651	-	43,651	3%	1,310
KSE Stock Brokers Association	25,000	25,000	-		-
MSF Registration Fee-Nccpl	10,000	10,000	-		-
RENT, RATES AND TAXES					
Professional Tax - NBP	205,500	205,500	-	N/A	-
Property Tax - Cantonment board clifton	1,343,346	1,343,346	-	N/A	-
DONATION	17,204,947	17,204,947	-	N/A	-
TOTAL ADMINISTRATIVE EXPENSE (Excluding dep & Amort)	64,589,943				
OFFICE EQUIPMENT PURCHASE - AYON INTERNATIONAL	1,963,293	-	1,963,293	4.5%	88,348
BACK OFFICE SOFTWARE PURCHASE - MICROLINKS (PVT) LTD	4,093,822	-	4,093,822	3%	122,815

		2020	2019
		Rupees	
20	**FINANCE COSTS**		
	Markup on short term borrowings	**71,505,825**	72,776,198
	Bank charges	**2,878,191**	1,118,952
		74,384,016	73,895,150
21	**OTHER INCOME**		
	Profit on saving account	**9,746**	102
	Rental income	**11,786,026**	10,336,611
	Reversal of provision for doubtful debts - net	**1,677,140**	10,696,778
		13,472,912	21,033,491

22	TAXATION	2020	2019
		Rupees	
	Current	7,070,404	11,947,249
	Prior year	-	15,470,425
		7,070,404	27,417,674

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

	2020	2019
Accounting loss before tax	370,242,095	(538,353,372)
Tax on above @ 29%	107,370,208	
Tax effect of exempt income and income taxed at lower rate	(96,689,443)	(6,390,751)
Tax effect of income taxed under presumptive tax regime	(2,149,641)	(36,999,711)
Effect of change in prior tax	-	40,576,425
Effect of reversal of deferred tax asset	-	30,231,711
Effect of disallowances / tax adjustments	3,528,715	-
Effect of tax rebates	(4,989,435)	-
	7,070,404	27,417,674

23 EARNINGS / (LOSS) PER SHARE

Basic loss per share

	2020	2019
Profit / (loss) after taxation	363,171,691	(565,771,046)
Weighted average number of shares	39,514,054	39,514,054
Earnings / (Loss) Per Share	9.19	(14.32)

Diluted Earnings / (loss) per share

There is no dilutive effect on the basic loss per share of the Company, since there were no convertible instruments in issue as at June 30, 2020 and June 30, 2019 which would have any effect on the basic loss per share if the option to convert were exercised.

24	CASH AND CASH EQUIVALENTS	2020	2019
		Rupees	
	Cash and bank balances	571,748,836	382,729,323
	Short term borrowings	(792,835,689)	(481,564,998)
		(221,086,853)	(98,835,675)

25 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel of the Company, directors and their close family members. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of the director is disclosed in note 19.1 to the financial statements. Transactions with related parties during the year, other than those disclosed elsewhere in these financial statements, are as follows:

Name of the related party and relationship with company		2020	2019
		Rupees	
Key Management Personnel	Brokerage commission earned during the year on sale and purchase of securities	9,228,437	3,187,147
	Balance payable at year end	2,327,690	27,189

26 FINANCIAL INSTRUMENTS

26.1 Financial risk management

The Company finances its operations through short term borrowing, long term financing and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk

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The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2020 which are summarized below:

26.1.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counterparties fail completely to perform as contracted / discharge on obligation / commitment that it has entered into with the Company. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2020	2019
	Rupees	
Long term deposits	**2,290,000**	2,190,000
Investments	**988,927,819**	867,313,700
Trade debts	**1,054,231,553**	439,823,804
Advances, deposits and other receivable	**21,283,898**	60,199,463
Bank balances	**571,333,099**	382,313,586
	2,638,066,369	1,751,840,553

Impairment losses:

As of the reporting date, the risk profile of the trade receivables as of the reporting date is as follows:

	2020		2019	
	Gross Carrying amount	**Life time expected credit losses**	Gross Carrying amount	Life time expected credit losses
	Rupees			
Past due 1-30 days	**198,219,910**	**491,444**	149,378,382	5,490,874
Past due 31-180 days	**122,435,836**	**351,499**	19,561,164	719,032
Past due 181-365 days	**107,250,284**	**23,990,377**	49,715,990	1,827,468
More than 365 days	**108,174,072**	**1,579,359**	93,116,253	8,037,375
	536,080,102	**26,412,679**	311,771,789	16,074,749

As of the reporting date, the risk profile of the margin trading receivables as of the reporting date is as follows:

	2020		2019	
	Gross Carrying amount	**Life time expected credit losses**	Gross Carrying amount	Life time expected credit losses
	Rupees			
Past due 1-30 days	**288,401,572**	-	9,382,652	380,945
Past due 31-180 days	**199,916,660**	-	16,361,291	1,128,252
Past due 181-365 days	**4,937,605**	-	20,575,728	1,648,619
More than 365 days	**50,947,458**	-	109,822,163	8,857,253
	544,203,295	-	156,141,834	12,015,069

At each reporting date, Company assessed its trade debts for impairment, however, based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment other than above. None of the other financial assets are either past due or impaired.

The Company held collaterals in respect of trade debts. The Company have trade receivable for which no loss allowance is recognised because of collaterals held.

The credit quality of Company's bank balances as at the balance sheet date can be assessed with reference to external credit ratings as follows:

	2020	2019
	Rupees	
AA+	**154,471,984**	29,345,996
AA	**17,459,761**	55,417,618
AAA	**2,149,499**	3,066,265
A+	**10,221,282**	10,108,049
A	**100,378**	11,709,950
AA-	**386,895,195**	272,628,987
BBB-	**35,000**	36,721
	571,333,099	382,313,586

26.1.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has facilities of running finance to meet any deficit, if required to meet the short term liquidity commitment.

	2020			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**More than one year**
Financial liabilities				
Short term borrowings	792,835,689	792,835,689	792,835,689	-
Trade and other payables	722,584,303	722,584,303	722,584,303	-
Accrued markup	6,449,942	6,449,942	6,449,942	-
	729,034,245	**729,034,245**	**729,034,245**	**-**

	2019			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial liabilities				
Short term borrowings	481,564,998	481,564,998	481,564,998	-
Trade and other payables	404,566,689	404,566,689	404,566,689	-
Accrued markup	13,461,209	13,461,209	13,461,209	-
	899,592,896	899,592,896	899,592,896	-

26.1.3 Market risk

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

(b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings from banks and deposits held with banks in PLS accounts.

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

	2020	2019	**2020**	2019
	Effective interest rate (%)		**Carrying amounts (Rs.)**	
Financial assets				
Bank deposits - PLS *account*	**4.5% - 7%**	7.5% - 9%	**570,875,671**	381,731,648
Financial liabilities				
Short term borrowings	**3 Months KIBOR + 2%-2.5%**	3 Months KIBOR + 2%-2.5%	**792,835,689**	481,564,998

Sensitivity analysis

Fair value sensitivity

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 will not affect fair value of financial instrument.

Cash flow sensitivity

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Effect on profit or loss	
	100 bps increase	100 bps decrease
	------------- Rupees -------------	
As at June 30, 2020	**7,928,357**	**(7,928,357)**
As at June 30, 2019	9,983,335	(9,983,335)

(c) *Price risk*

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest / markup 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 instrument traded in the market. The Company exposed to equity price risk since it has investments in quoted equity securities as at the reporting date. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

Sensitivity analysis

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

	Fair value	Hypothetical price change	Hypothetical increase / (decrease) in other comprehensive income
June 30, 2020	**835,455,428**	**5% change**	**41,772,771**
June 30, 2019	867,313,700	5% change	43,365,685

26.2 Financial instruments by category

The table below provides reconciliation of the line items in the Company's statement of financial position to the categories of financial instruments.

	2020		
	Financial assets at amortised cost	**At fair value through profit or loss**	**Financial liabilities at amortised cost**
June 30, 2020			
Financial assets			
Long term deposits	**2,290,000**	-	-
Short term investment - Fair value through profit or loss	-	**988,927,819**	-
Trade debts	**1,054,231,553**	-	-
Advances, deposits and other receivable	**21,283,898**	-	
Cash and bank balances	**571,748,836**	-	-
	1,649,554,287	**988,927,819**	-
Financial liabilities			
Short term borrowings	-	-	**792,835,689**
Trade and other payables	-	-	**722,584,303**
Accrued markup	-	-	**6,449,942**
	-	-	**1,521,869,934**

	2019		
	Financial assets at amortised cost	At fair value through profit or loss	Financial liabilities at amortised cost
June 30, 2019			
Financial assets			
Long term deposits	2,190,000	-	-
Short term investment - Fair value through profit or loss	-	867,313,700	-
Trade debts	439,823,804	-	-
Advances, deposits and other receivable	60,199,463	-	-
Cash and bank balances	382,729,323	-	-
	884,942,590	867,313,700	-
Financial liabilities			
Short term borrowings	-	-	481,564,998
Trade and other payables	-	-	404,566,689
Accrued markup	-	-	13,461,209
	-	-	899,592,896

26.3 Fair value hierarchy

'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.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Following is the fair value hierarchy of financial assets carried at fair value in the balance sheet:

	Level 1	**Level 2**	**Level 3**	**Total**
June 30, 2020		**Rupees**		
Short term investments	**835,455,428**	**153,472,391**	**-**	**988,927,819**
	835,455,428	**153,472,391**	**-**	**988,927,819**

	Level 1	Level 2	Level 3	Total
June 30, 2019		Rupees		
Short term investments	865,313,700	2,000,000	-	867,313,700
	865,313,700	2,000,000	-	867,313,700

27 CAPITAL ADEQUACY LEVEL AND CAPITAL MANAGEMENT

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

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

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

	2020	2019
	Rupees	
Total assets	**2,866,956,927**	1,881,508,198
Less: Total liabilities	**1,521,869,934**	899,592,896
Capital Adequacy Level as at June 30	**1,345,086,993**	981,915,302

While determining the value of the total assets of the Company, notional value of the TRE Certificate as determined by Pakistan Stock Exchange Limited has been considered.

27.2 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	VALUATION	RUPEES
CURRENT ASSETS		
Cash and Bank Balances	As per Book Value	575,469,657
Trade Receivables	Book Value less overdue for more than 14 days	323,717,821
Investment in listed securities in the name of broker.	Securities marked to market less 15% discount	780,059,513
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	681,869,216
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 les 5% discount.	-
Treasury Bill	At market value	-
		2,361,116,207
CURRENT LIABILITIES		
Trade Payables	Book value less overdue for more than 30 days	356,335,741
Other Liabilities	As per Book values	1,165,534,193
		1,521,869,934
NET CAPITAL BALANCE AS AT JUNE 30, 2020		**839,246,273**

Notes to the Net Capital Balance

		Rupees
1	**Cash and bank balances**	
	Cash in hand	415,737
	Exposure margin deposited with NCCPL against trading of securities	3,720,821
	Bank balance pertaining to clients	571,086,722
	Bank balance pertaining to brokerage house	246,377
		575,469,657
2	**Trade receivables**	
	Receivables against Ready Market	
	Book value	536,080,102
	Less: overdue for more than 14 days	(388,596,863)
		147,483,239
	Receivable against unsettled trade	363,665
	Receivables against MF	
	Book value	544,564,130
	Less: overdue for more than 14 days	(368,693,213)
		175,870,917
		323,717,821
3	**Investment in Listed Securities in the name of broker**	
	Securities marked to market	917,717,074
	Less 15%	(137,657,561)
		780,059,513
4	**Securities purchased for client**	
	Against Ready Market	
	Overdue balance for more than 14 days	388,596,863
	Lower of overdue balance and securities held against such balance	313,176,003
	Against MF	
	Overdue balance for more than 14 days	368,693,213
	Lower of overdue balance and securities held against such balance	368,693,213
5	**Trade payables**	
	Book value	569,605,895
	Less: overdue for more than 30 days	(213,270,154)
		356,335,741
6	**Other liabilities**	
	Creditors overdue for more than 30 days	213,270,154
	Short term borrowings	792,835,689
	Accrued Liabilities and Other Payables	159,428,350
		1,165,534,193

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27.3 Liquid capital balance

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

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	143,709,301	100.00%	-
1.2	Intangible Assets	6,312,698	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.	765,031,885	(133,297,791)	631,734,094
	ii. If unlisted, 100% of carrying value.	153,295,934	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. 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)	70,600,000	100.00%	-
1.6	Investment in subsidiaries	-	100.00%	-
1.7	**Investment in associated companies/undertaking**			
	i. If listed 20% or VaR of each securities as computed by the Securites 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.	2,200,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	3,102,767	-	3,102,767
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	10,090,000	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	-		-
	Receivables other than trade receivables	85,652,234	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.	-	-	-

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.***	544,564,130	626,109,676	544,564,130
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. ***ii. Net amount after deducting haircut***	981,719	5.00%	932,633
	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***	108,684,673	-	108,684,673
	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***	427,395,431	(111,902,246)	315,493,185
	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	246,377	-	246,377
	ii. Bank balance-customer accounts	571,086,722	-	571,086,722
	iii. Cash in hand	415,737	-	415,737
1.19	**Total Assets**	**2,893,369,608**		**2,176,260,318**

2. Liabilities				
2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	569,605,895	-	569,605,895
2.2	**Current Liabilities**			
	i. Statutory and regulatory dues	123,312,431	-	123,312,431
	ii. Accruals and other payables	36,115,919	-	36,115,919
	iii. Short-term borrowings	792,835,689	-	792,835,689
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	26,412,679	-	26,412,679
	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				
	Subordinated Loans	-	-	-
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.	-	-	-
	ii. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.5	**Total Liabilites**	**1,548,282,613**		**1,548,282,613**

3. Ranking Liabilities Relating to :				
	Concentration in Margin Financing			
3.1	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.	-	54,077,589	54,077,589
	Concentration in securites lending and borrowing			
3.2	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	-	-	-
	Net underwriting Commitments			
3.3	**(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	-	-	-
	Negative equity of subsidiary			
3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
	Foreign exchange agreements and foreign currency positions			
3.5	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
	Repo adjustment			
3.7	**In the case of financier/purchaser** the total amount receivable under Repo less the 110% of the market value of underlying 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.	-	-	-

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3. Ranking Liabilities Relating to :				
	Concentrated proprietary positions			
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position,then 10% of the value of such security	-	14,121,553	14,121,553
	Opening Positions in futures and options			
3.9	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	41,334,848	27,478,488	27,478,488
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	113,220	-	-
	Short selll positions			
3.10	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**	**41,448,068**	**95,677,630**	**95,677,630**
		1,303,638,927	**Liquid Capital**	**532,300,075**

28 NUMBER OF EMPLOYEES

	2020	2019
	—— Number ——	
Total number of employees as at June 30,	**15**	14
Average number of employees during the year	**14**	14

29 GENERAL

29.1 The financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 01 OCT 2020 .

29.2 Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR