
**B & B SECURITIES
(PRIVATE) LIMITED**

**Financial Statement
For the year ended June 30, 2019**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF B & B SECURITIES (PRIVATE) LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the annexed financial statements of **B & B Securities (Private) Limited** which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of other 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, 2019 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 10.1 to the annexed financial statements relating to deferred tax asset. Management believes that the asset will be utilized in coming years, relating to provision for trade debts. However, uncertainty is attached with the realization of recognized deferred tax asset.

Our opinion is not qualified in respect of these matter.



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.

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 skepticism 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 to design audit procedures that are appropriate in the circumstances, but not for 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.

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 and statement of other 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 Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Farhan Ahmed Memon**.


Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi


Dated: 07 OCT 2019

B & B SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	5	554,208	598,932
Intangible assets	6	2,500,000	2,500,000
Long term investment	7	14,055,521	21,353,581
Long term deposits	8	600,000	600,000
Long term advances	9	1,042,808	86,753
Deferred tax asset	10	16,332,625	16,269,378
		<u>35,085,162</u>	<u>41,408,644</u>
Current Assets			
Short term investments	11	40,313,010	46,108,629
Trade debts	12	46,903,580	86,183,626
Trade deposits, prepayments and other receivable	13	116,201	263,320
Tax refund due from government	14	1,631,040	975,773
Cash and bank balances	15	4,022,617	3,252,587
		<u>92,986,448</u>	<u>136,783,935</u>
Total Assets		<u><u>128,071,610</u></u>	<u><u>178,192,579</u></u>
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Authorized Share Capital			
17,000,000 (2018 : 17,000,000) Ordinary shares of Rs.10 each		<u>170,000,000</u>	<u>170,000,000</u>
Issued, subscribed and paid-up capital			
17,000,000 (2018 : 17,000,000) Ordinary shares of Rs.10 each		170,000,000	170,000,000
Capital reserve		11,850,345	24,245,990
Accumulated loss		<u>(107,349,203)</u>	<u>(74,821,367)</u>
		74,501,143	119,424,623
Long term loan	16	8,669,903	3,547,802
Current Liabilities			
Short term borrowings	17	41,312,876	48,172,259
Trade and other payables	18	2,685,077	6,145,283
Accrued markup		902,612	902,612
		<u>44,900,565</u>	<u>55,220,154</u>
Contingencies and Commitments	19		
Total Equities and Liabilities		<u><u>128,071,610</u></u>	<u><u>178,192,579</u></u>

The annexed notes form an integral part of these financial statements.


 Chief Executive


 Director

Rhs

B & B SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
Revenue			
Brokerage income	20	5,555,499	5,374,930
Dividend income		321,418	1,549,949
Capital (loss) / gain on sale of securities - Net		(2,113,482)	1,442,484
Unrealized loss on re-measurement of investment		(21,085,698)	(9,794,036)
		(17,322,263)	(1,426,673)
Expenses			
Administrative and operating expenses	21	18,193,092	15,467,077
Financial charges	22	7,235,534	4,510,908
		25,428,626	19,977,985
Other operating income	23	206,384	12,065,240
Loss before tax		(42,544,506)	(9,339,418)
Taxation			
Current		117,656	1,303,087
Prior		67,187	-
Deferred		(63,247)	7,418,641
		121,596	8,721,728
Loss after tax		(42,666,102)	(18,061,146)

The annexed notes form an integral part of these financial statements.



 Chief Executive



 Director

Rhs

B & B SECURITIES (PRIVATE) LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
Loss after tax	(42,666,102)	(18,061,146)
Other comprehensive income		
Re-classification of loss to profit and loss from equity	(5,097,585)	-
Reversal on revaluation of investment	(7,298,060)	(9,505,506)
Total comprehensive loss for the year	<u>(55,061,747)</u>	<u>(27,566,652)</u>

The annexed notes form an integral part of these financial statements.



Chief Executive



Director

Rhm

B & B SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Issued subscribed and paid up capital	Capital Reserve			Accumulated (loss) / income	Total
		Surplus on revaluation of investments	Revaluation surplus on intangible asset	Subtotal		
----- Rupees -----						
Balance as at June 30, 2017	170,000,000	33,751,496	-	33,751,496	(56,760,221)	146,991,275
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(18,061,146)	(18,061,146)
Other comprehensive income	-	(9,505,506)	-	(9,505,506)	-	(9,505,506)
	-	(9,505,506)	-	(9,505,506)	(18,061,146)	(27,566,652)
Balance as at June 30, 2018	170,000,000	24,245,990	-	24,245,990	(74,821,367)	119,424,623
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(42,666,102)	(42,666,102)
Transfer from OCI to PnL	-	(5,097,585)	-	(5,097,585)	5,097,585	
Other comprehensive income	-	(7,298,060)	-	(7,298,060)	-	(7,298,060)
	-	(12,395,645)	-	(12,395,645)	(37,568,517)	(49,964,162)
Transaction with owners						
Interest income on amortized cost	-	-	-	-	5,040,681	5,040,681
Balance as at June 30, 2019	170,000,000	11,850,345	-	11,850,345	(107,349,203)	74,501,143

The annexed notes form an integral part of these financial statements.


 Chief Executive


 Director

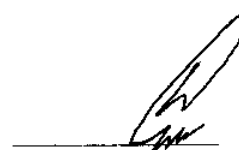
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B & B SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019 <i>Rupees</i>	2018 <i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(42,544,506)	(9,339,418)
Adjustments for non cash items:		
Depreciation	96,624	103,147
Financial charges	5,801,779	4,092,886
Unamortization of Directors loan	334,203	231,415
Unamortization of long term advances	1,099,552	186,607
Unrealized loss on re-measurement of investment	21,085,698	9,794,036
Capital gain on disposal of investment	2,113,482	(1,442,484)
Liabilities written back	-	(639,606)
Unwinding of advances	(186,605)	(653,969)
Reversal of bad debts provision	-	(10,529,095)
Advances written off	-	973,848
	30,344,733	2,116,785
Operating (loss) / profit before working capital changes	(12,199,773)	(7,222,633)
(Increase) / Decrease in Current Assets		
Trade debts	39,280,046	(17,679,458)
Trade deposits, prepayments and other receivables	147,119	25,870,263
(Decrease) / Increase in current liabilities		
Deferred income	-	(4,488,269)
Trade and other payables	(3,460,206)	(8,594,087)
	23,767,186	(12,114,184)
Taxes paid	(840,110)	(1,303,087)
Finance charges paid	(5,801,781)	(3,665,748)
	(6,641,891)	(4,968,835)
Net cash used in operating activities	17,125,295	(17,083,019)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(51,900)	(149,000)
Long term advances-net	(1,869,000)	(273,360)
Purchase of investments - net	(17,403,561)	(4,414,783)
Net cash used in / generated from investing activities	(19,324,461)	(4,837,143)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan from directors-net	9,828,580	-
Short term borrowing	(6,859,384)	10,901,604
Net cash generated from / used in financing activities	2,969,196	10,901,604
Net (decrease) / increase in cash and cash equivalents (A+B+C)	770,030	(11,018,558)
Cash and cash equivalents at the beginning of the year	3,252,587	14,271,145
Cash and cash equivalents at the end of the year	4,022,617	3,252,587

The annexed notes form an integral part of these financial statements.


 Chief Executive


 Director

B & B SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2019

1 NATURE AND STATUS OF BUSINESS

B & B Securities (Private) Limited was incorporated in Pakistan as a private company under the repealed Company Ordinance, 1984, on July 18, 2003, the company is a corporate member of Pakistan Stock Exchange. The company has commenced commercial activities from March 8, 2004 and is primarily engaged in trading and brokerage of listed equities. The registered office of the company is situated at 434, 4th Floor, Stock Exchange Building, Stock Exchange Road, Karachi, Pakistan.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

The long term loan has increased by 144% due to new loan obtained from one of the director during the year.

The long term advance has increased by 1102% due to new advances given to the employees during the year.

The financial statements include disclosures requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016 as notified by the Securities and Exchange Commission of Pakistan vide S.R.O. 569 (I) / 2016 dated June 24, 2016.

3 BASIS OF PRESENTATION

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 applicable in Pakistan comprise of :

- International Financial reporting standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 ; and
- Provisions of and directives issued under the Companies Act, 2017.

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

Preparation of financial statements also include disclosure required by Securities Brokers (Licensing and Operations) Regulations, 2016.

3.2 Basis of Measurements

These financial statements have been prepared under Historical cost convention without any adjustments for the effects of inflation or current values except investments, which are stated as per the policy.

These financial statements have been prepared following accrual basis of accountings except for cash flows information.

3.3 *Functional and presentation currency*

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

3.4 *Use of estimates and judgments*

The preparation of financial statements is in conformity with the approved financial reporting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affects the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results on which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision effects only the period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.5 *New or Amendments / interpretations to existing standards, interpretation and forth coming requirements:*

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July, 2018 other than those disclosed in note 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.

3.6 *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 01 July, 2019:

- 3.6.1** IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management is in the process of analyzing the potential impacts on adoption of this standard.
- 3.6.2** IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.

- 3.6.3** Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortized cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortized cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.
- 3.6.4** Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as Long Term Interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.
- 3.6.5** Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.
- 3.6.6** 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.
- 3.6.7** 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.
- 3.6.8** 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 crystallize. 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.

3.6.9 Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual periods beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

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 Changes in significant accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

4.1.1 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the financial statements of the Company as Brokerage Commission from Customers is recognized on origination of invoice to Customers when the related services are rendered.

4.1.2 IFRS 9 'Financial Instruments'

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

i Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- 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.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL

- 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.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

The accounting policies that apply to financial assets are stated in note to the financial statements.

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 30 June 2018 and 30 June 2017.

<i>As at 30 June 2018</i>	<i>Original classification under IAS 39</i>	<i>New Classification under IFRS 9</i>	<i>Original Carrying Amount</i> <i>Rupees</i>	<i>New Carrying Amount</i> <i>Rupees</i>
Long term investment	Available for sale	At fair value - through other comprehensive income	21,353,581	21,353,581
Short term investment - PSX Shares	Available for sale	At fair value - through other comprehensive income	10,304,740	10,304,740
Short term investment - Other Equity investment	Held for trading	At fair value - through profit or loss	35,803,889	35,803,889
Long term Advances	Loans and receivables	Amortized cost	86,753	86,753
Long term deposits	Loans and receivables	Amortized cost	600,000	600,000
Trade receivables	Loans and receivables	Amortized cost	86,183,626	86,183,626
Trade deposit -NCCPL	Loans and receivables	Amortized cost	13,084	13,084
Cash and bank balances	Loans and receivables	Amortized cost	3,252,587	3,252,587
<i>As at 30 June 2017</i>	<i>Original classification under IAS 39</i>	<i>New Classification under IFRS 9</i>	<i>Original Carrying Amount</i> <i>Rupees</i>	<i>New Carrying Amount</i> <i>Rupees</i>
Long term investment	Available for sale	At fair value - through other comprehensive income	41,163,833	41,163,833
Short term investment - Other Equity investment	Held for trading	At fair value - through profit or loss	39,740,652	39,740,652
Long term Advances	Loans and receivables	Amortized cost	319,879	319,879
Long term deposits	Loans and receivables	Amortized cost	600,000	600,000
Trade receivables	Loans and receivables	Amortized cost	57,975,073	57,975,073
Trade deposit -NCCPL	Loans and receivables	Amortized cost	13,083	13,083
Receivable against PSX Shares	Loans and receivables	Amortized cost	16,483,462	16,483,462
Other receivable	Loans and receivables	Amortized cost	9,162,276	9,162,276
Cash and bank balances	Loans and receivables	Amortized cost	170,000,000	170,000,000

ii Classification and measurement of financial assets and financial liabilities

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and no historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Company.

Loss allowance on debt securities are measured at 12 months expected credit losses as those are determined to have low credit risk at the reporting date. Since there is no loss given default, therefore no credit loss is expected on these securities. Loss allowance on other securities and bank balances is also measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

4.2 Property plant and equipment

These are stated at cost less accumulated depreciation except assets not in operation, which are stated at cost.

Depreciation is charged using reducing balance method by applying rates specified in the relevant note.

Full year depreciation is charged on the addition during the year whereas on assets deleted, no depreciation is charged in the year of disposal.

The assets' residual value and useful lives are reviewed, and adjusted if significant, at each balance sheet date.

Maintained and normal repairs are charged to Income as and when incurred while cost of major replacements and improvements, if any, are capitalized.

4.3 Impairments

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairments. If such indication exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account. the recoverable amount is higher of the assets fair value less cost to sell and value in use.

4.4 Intangible assets

Intangible assets are stated at cost less accumulated amortization except assets that are not available for its indefinite use, which are stated at cost. Amortization is charged using straight line method at the rates given in relevant notes to write-off the historical cost of assets over their estimated useful life. In the year of addition full year's amortization is charged.

4.4.1 *Trading right entitlement certificate and Room*

Initially it is stated at notional value by apportioning the value of previous Membership Card among TREC and PSX shares on the basis of proportion of designated values for margin purpose. Subsequent to initial recognition, TREC is valued at value taken for base minimum capital.

4.5 *Financial assets*

Initial Measurement

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

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

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition

Subsequent Measurement

Debt Investments at FVOCI These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss

Equity Investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in statement profit or loss.

Financial assets measured at amortized cost These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

4.6 *Investments*

- Investment in Shares of Pakistan Stock Exchange (PSX) are classified as "**At Fair Value - through Other Comprehensive Income**" and is initially measured at cost and is subsequently measured at fair value determined using the market value at each reporting date. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss
- Investment in Listed Shares other than shares of PSX are classified as "**At Fair Value - Through Profit or Loss**" and is initially measured at cost and is subsequently measured at fair value determined using the market value at each reporting date. Net gains and losses, including any interest / markup or dividend income, are recognized in statement profit or loss.

4.7 Settlement date accounting

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the settlement date. Trade date is the date on which the Company commits to purchase or sale an asset.

4.8 Trade debts and other receivables

Trade debts and other receivable are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the company will not be able to collect all amount due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off. The receivable in respect of securities sold on behalf of clients are recorded at settlement date of transaction.

4.9 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the company and accordingly are not included in these financial statements.

4.10 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalent consists of cash in hand and balances with banks.

4.11 Cash and bank balances

Cash and bank balances are carried at nominal amount.

4.12 Impairment of financial assets

The Company recognizes loss allowances for ECLs in respect of financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.13 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

4.14 Financial liabilities

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

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

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

4.15 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously

4.16 Borrowing / debt

Borrowings / debt is recognized initially at fair value, net of transaction costs incurred. These are subsequently measured at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of borrowings / debt under the effective interest method. Markup / profit on borrowings / debt is calculated using the effective interest method and is recognized in the statement of profit or loss.

4.17 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

4.18 Trade and Other payables

Trade and other payable are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized cost using an effective interest method. Trade payable in respect of securities purchased are recorded at settlement date of transaction.

These are classified as current liabilities if payment is due within one year or less (or in normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

4.19 Taxation

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

4.19.1 Current

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

4.19.2 Deferred

Deferred tax is recognized using balance sheet method, providing for all temporary differences between carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

4.20 Provisions

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

4.21 Revenue recognition

- 1 Brokerage income is recognized as and when services are provided.
- 2 Dividend income is recognized at the time of closure of share transfer books of the company declaring dividend. Commission income is recognized on receipt basis.
- 3 Gains / (losses) arising on sale of investment are included in the statement of profit or loss for the period which they arise.
- 4 Unrealized capital gains / (losses) arising from mark to market of investments classified as "financial assets at fair value through profit or loss - held for trading" are included in the statement of profit or loss for the period in which they arise.
- 5 Other income is recognized on receipt basis.

4.22 Transactions with related parties

Transactions with related parties are carried out at arm's length prices.

4.23 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards require the management to: -

- Exercise its judgment in process of applying the Company's accounting policies, and
- Use of certain critical accounting estimates and assumptions concerning the future.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

a) Income taxes

The Company takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in note 4.10 of these financial statements.

b) Property, plant and equipment

Management has made estimate of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any changes in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

c) Provision for doubtful debts

An estimated provision is made against those trade debts having no activity during the current financial year and is considered doubtful by the management where as debts considered bad and irrecoverable are written off when identified.

5 **PROPERTY, PLANT AND EQUIPMENTS**

	<i>COST</i>			<i>Rate</i>	<i>Depreciation</i>			<i>Written down value as at June 30, 2019</i>
	<i>As at July 01, 2018</i>	<i>Additions/ Deletions</i>	<i>As at June 30, 2019</i>		<i>As at July 01, 2018</i>	<i>For the year</i>	<i>As at June 30, 2019</i>	
	<i>----- Rupees -----</i>				<i>----- Rupees -----</i>			
Furniture and fixtures	268,015	-	268,015	10%	208,436	5,958	214,394	53,621
Office equipment	636,238	-	636,238	10%	360,391	27,585	387,976	248,262
Computer equipment	894,595	51,900	946,495	20%	739,327	41,434	780,761	165,734
Vehicles	1,575,072	-	1,575,072	20%	1,466,834	21,648	1,488,482	86,590
<i>Rupees-2019</i>	3,373,920	51,900	3,425,820		2,774,988	96,624	2,871,612	554,208

	<i>COST</i>			<i>Rate</i>	<i>Depreciation</i>			<i>Written down value as at June 30, 2018</i>
	<i>As at July 01, 2017</i>	<i>Additions/ Deletions</i>	<i>As at June 30, 2018</i>		<i>As at July 01, 2017</i>	<i>For the year</i>	<i>As at June 30, 2018</i>	
	<i>----- Rupees -----</i>				<i>----- Rupees -----</i>			
Furniture and fixtures	268,015	-	268,015	10%	201,816	6,620	208,436	59,579
Office equipment	562,138	74,100	636,238	10%	329,741	30,650	360,391	275,847
Computer equipment	819,695	74,900	894,595	20%	700,510	38,817	739,327	155,268
Vehicles	1,575,072	-	1,575,072	20%	1,439,774	27,060	1,466,834	108,238
<i>Rupees-2018</i>	3,224,920	149,000	3,373,920		2,671,841	103,147	2,774,988	598,932

		2019 Rupees	2018 Rupees
6 INTANGIBLE ASSETS	<i>Note</i>		
Trading Rights Entitlement Certificate		<u>2,500,000</u>	<u>2,500,000</u>

7 LONG TERM INVESTMENT

	2019 Number of Shares	2018 Number of Shares			2019 Rupees	2018 Rupees
1,081,194	1,081,194		Investment in shares of Pakistan Stock Exchange Limited			
			- at fair value through other comprehensive income		10,790,316	10,790,316
-	-		Unrealized gain on remeasurement	7.1	3,265,205	10,563,265
<u>1,081,194</u>	<u>1,081,194</u>				<u>14,055,521</u>	<u>21,353,581</u>

7.1 This represents shares of Pakistan Stock Exchange Limited (PSX) acquired in pursuance of corporatization and demutualization of PSX as a public company limited by shares. As per the arrangements the authorized and paid-up capital of PSX is Rs.10,000,000,000 and Rs.8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of PSX is equally distributed among 200 members of PSX by issuance of 4,007,383 shares to each member the breakup of which is as follows:

	<i>Note</i>	Number of shares 2019	Number of shares 2018
7.2 Break up of shares received and transacted is as follows :			
Shares transferred to Chinese consortium		1,602,953	1,602,953
Shares sold to general public	7.3	790,477	1,083,977
Shares in hand	7.4	1,613,953	1,735,453
		<u>4,007,383</u>	<u>4,422,383</u>

7.3 Shares sold to general public

Prior year	282,500	801,477
Current year	507,977	282,500
	<u>790,477</u>	<u>1,083,977</u>

7.4 Shares in hand

Long term investment -at fair value through other comprehensive income	7.5	1,081,194	1,081,194
Short term investment -at fair value through other comprehensive income		-	521,759
Short term investment -at fair value through profit and loss		532,759	132,500
		<u>1,613,953</u>	<u>1,735,453</u>

7.5 Currently these are not available for trading and are classified as long term investment - at Fair Value through- other comprehensive income

8 LONG TERM DEPOSITS	2019 <i>Rupees</i>	2018 <i>Rupees</i>
National Clearing Company of Pakistan Limited	500,000	500,000
Central Depository Company of Pakistan	100,000	100,000
	<u>600,000</u>	<u>600,000</u>

9 **LONG TERM ADVANCES**

To employees - considered good	86,753	319,879
Add: unwinding of advances	186,607	653,969
	<u>273,360</u>	<u>973,848</u>
Add: advancement during the year	1,909,000	273,360
Less: Payment received during the year	(40,000)	
	<u>2,142,360</u>	<u>1,247,208</u>
Less: Write off	-	(973,848)
	<u>2,142,360</u>	<u>273,360</u>
Less: amortization of advances	(1,099,552)	(186,607)
	<u>1,042,808</u>	<u>86,753</u>

10 **DEFERRED TAX ASSET / (LIABILITY)**

Deferred taxation comprises differences relating to:

Credit balance arises due to:

Accelerated tax depreciation	(30,426)	(24,229)
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Debit balance arises due to:

Provision for doubtful debt	16,293,607	16,293,607
Minimum tax	69,444	-
Tax loss	27,363,188	17,290,729
	<u>43,726,239</u>	<u>33,584,336</u>
Deferred tax not recognized	(27,393,614)	(17,314,958)
	<u>16,332,625</u>	<u>16,269,378</u>

10.1 Deferred tax asset recognised aggregating to Rs. 16.32 million (2018 : Rs.16.27) million. The management of the Company believes that based on the projections of future taxable profits, it would be able to realise the deferred tax asset pertaining to provision for bad debts. These projections are however, subject to uncertainty.

11 SHORT TERM INVESTMENTS	<i>Note</i>	2019 <i>Rupees</i>	2018 <i>Rupees</i>
<i>Investment at fair value through profit or loss</i>			
Listed equity securities		61,398,709	45,597,925
Unrealised gain on re - measurement of investment		(21,085,698)	(9,794,036)
	11.1	<u>40,313,010</u>	<u>35,803,889</u>
<i>Investment at fair value through OCI</i>			
Shares of PSX released during the year		-	5,207,155
Unrealized gain on remeasurement		-	5,097,585
	11.2	<u>-</u>	<u>10,304,740</u>
		<u>40,313,010</u>	<u>46,108,629</u>

11.1 Investments in companies - quoted

2019	2018		Note	2019	2018
Number of shares				Rupees	Rupees
2,000	28,000	Aisha Steel Mills Limited		18,400	441,560
-	2,500	Allied Bank Limited		-	257,875
70,500	-	Amreli Steels Limited		1,738,530	-
600	500	Arif Habib Limited		18,978	30,500
-	28,500	AGP Limited		-	2,530,515
700	-	Altas Battery Limited		67,235	-
44,500	600	Attock Refinery Limited		3,438,515	129,186
371,000	-	Balochistan Glass Limited		1,487,710	-
40,000	-	Byco Petroleum Pakistan Limited		256,400	-
9,000	-	Dawood Equities Limited		22,860	-
-	3,500	D.G. Khan Cement Company Limited		-	400,715
-	500	D.M. Textile Mills Limited		-	22,750
115,000	-	Dewan Cement Limited		898,150	-
520,000	520,000	Dewan Salman Fibre Limited	11.3	-	-
40,000	17,000	Dost Steels Limited		137,600	134,470
100	-	Efg Hermes Pakistan Limited		1,740	-
2,500	-	Engro Foods Limited		145,825	-
1,000	3,000	Engro Polymer and Chemical Limited		26,960	94,080
8,000	65,000	Fauji Cement Company Limited		125,840	1,485,250
500	1,500	Fauji Fertilizer Company Limited		43,600	148,335
50,000	-	Fauji Fertilizer Bin Qasim Limited		911,500	-
35,000	-	Fauji Food Limited		461,650	-
550	-	Flying Cement Company Limited		7,458	-
232	1,205	First Capital Securities Corporation Ltd.		172	2,892
200	1,500	Ferozsons Laboratories Limited		22,364	292,095
1,300	-	Gadoon Textile Mills Limited		179,842	-
300	-	Ghandhara Industries Limited		26,211	-
21,000	30,000	Ghani Automobile Industries Limited		72,030	208,200
10,000	-	Ghani Global Glass Limited		59,900	-
40,000	40,000	Haji Mohammad Ismail Mills Ltd.	11.3	-	-
1,000	100	Habib Bank Limited		113,260	16,644
99,000	76,400	Hi-Tech Lubricants Limited		2,738,340	7,740,848
931	9,300	Hascol Petroleum Limited		63,885	2,917,968
2,200	100	Honda Atlas Cars (Pakistan) Limited		326,304	31,639
70,430	2,930	Jahangir Siddiqui Company Limited		762,053	53,297
1,200	1,200	Js Bank Limited		6,576	10,008
70	70	Js Global Capital Limited		1,780	2,793
1,200	1,200	Js Investments Limited		18,540	11,172
-	235,000	K-Electric Limited		-	1,334,800
2,800	16,050	Loads Limited		42,308	500,439
-	500	Lucky Cement Limited		-	253,965
325	-	Matco Foods Limited		8,782	-
50	50	Metropolitan Steel Co. Ltd. -Freeze		525	1,222
128	-	MCB Bank Limited		22,330	-
		Innovative Investment Bank			
3	3	Limited - Freeze	11.3	-	-
			<i>C/f.</i>	14,274,153	19,053,218

2019	2018		2019	2018
Number of shares		Note	Rupees	Rupees
		<i>B/f.</i>	14,274,153	19,053,218
22,800	100	National Refinery Limited	2,587,116	44,301
227	227	Nimir Industrial Chemicals Limited	11,609	15,552
286,500	-	Nimir Resins Limited	1,518,450	-
-	1,500	Nishat Mills Limited	-	211,380
10,000	-	Oil & Gas Development Company Ltd.	1,314,900	-
417,000	-	Pace (Pakistan) Limited	617,160	-
9,000	-	Pakistan National Shipping Corporation Limited	574,650	-
10,051	45	Pakistan Petroleum Limited	1,451,666	9,671
249	249	MCB Pakistan Stock Market Fund - Freeze	-	24,258
532,759	132,500	Pakistan Stock Exchange	6,925,867	2,616,875
5,000	211,500	Pakistan International Bulk Terminal	42,200	2,400,525
9,500	19,500	Pakistan Refinery Limited	153,520	676,845
74,500	67,000	Pak Elektron Limited	1,491,490	2,375,820
5,500	-	Pak Suzuki Motor Company Limited	1,259,280	-
1,000	-	Pakistan State Oil Company Limited	169,630	-
250	-	Pervez Ahmed Securities Limited	130	-
92,500	-	Power Cement Limited	594,775	-
66,026	201,835	Roshan Packages Limited	882,107	5,685,692
2,400	-	Shell Pakistan Limited	437,904	-
-	10,000	Siddiqsons Tin Plate Limited	-	152,200
304,500	20,000	Safe Mix Concrete Limited	2,478,630	210,000
173,598	35,598	SILKBANK Limited	204,846	48,413
5,000	-	Sitara Peroxide Limited	95,900	-
500	3,500	Sui Northern Gas Pipelines Limited	34,745	350,770
38,000	-	Sui Southern Gas Company Limited	785,840	-
343,062	175,057	SUMMIT Bank Limited	222,990	376,373
2,500	-	Treet Corporation (Ptc)	14,725	-
70	-	Treet Corporation Limited	1,068	-
90,000	-	Tri-Star Power Limited	234,000	-
900	500	Thal Limited	327,654	238,765
10,000	-	The Bank of Khyber	98,600	-
5,000	-	The Bank of Punjab	45,750	-
7,580	600	The General Tyre & Rubber Company	390,446	99,720
-	2,000	The Hub Power Company Limited	-	184,320
3,940	1,000	The Searle Company Limited	577,446	399,500
-	3,500	Tri-Pack Films Limited	-	479,500
30,000	-	Trg Pakistan Limited	490,800	-
-	5,000	Unity Foods Limited	-	146,400
237	237	Zahidjee Textile Mills Limited	2,963	3,792
			40,313,010	16,479,438

11.2 at fair value through OCI - shares of Pakistan Stock Exchange Limited

2019	2018	2019	2018
<i>Number of Shares</i>		<i>Rupees</i>	
-	521,759	-	10,304,740

11.3 Investment in Dewan Salman Fibre Limited - Freeze, Haji Mohammad Ismail Mills Ltd , Innovative investment Bank Limited-Freeze and MCB Pakistan Stock Market Fund-Freeze are frozen and no market value of shares are available, therefore they are appearing at nil value.

	<i>Note</i>	2019 <i>Rupees</i>	2018 <i>Rupees</i>
12 TRADE DEBTS			
<i>Unsecured-Considered good</i>			
Due from clients	12.1	46,903,580	86,183,626
Unsecured - Considered doubtful		56,184,852	56,184,852
Less: Provision for doubtful debts	12.2	(56,184,852)	(56,184,852)
		-	-
		46,903,580	86,183,626

12.1 This amount includes Rs.2,926,587 (2018 Rs. 18,462,309) pertaining to related party of the company.

	<i>Note</i>	2019 <i>Rupees</i>	2018 <i>Rupees</i>
12.2 The Movements of the provision for the doubtful debts is as follows:			
Opening balance		56,184,852	66,713,947
Provision made during the year	12.3	-	-
Reversal due to adjusting event		-	(10,529,095)
Closing balance		56,184,852	56,184,852

12.3 During the year no provision has been made against client balance overdue for more than 5 days as section number 34(h) has been omitted from Security Brokers(licensing and operations) Regulations 2016.

	2019 <i>Rupees</i>	2018 <i>Rupees</i>
13 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
<i>Trade deposits</i>		
National Clearing Company Limited	13,084	13,084
<i>Advance</i>		
Advance against salary	20,000	-
<i>Prepayments</i>		
Prepaid insurance	40,909	250,236
<i>Other Receivables</i>		
Receivable from PSX	39,850	-
Receivable from NCCPL	2,358	-
	116,201	263,320

	<i>Note</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
14 TAXATION - NET			
<i>Opening balance</i>		975,773	975,773
Add: Tax paid during the year		840,110	1,303,087
Less: Provision for taxation		(117,656)	(1,303,087)
Less: Prior year adjustment		(67,187)	-
<i>Closing balance</i>		<u>1,631,040</u>	<u>975,773</u>

15 CASH AND BANK BALANCES

Cash in hand		7,781	1,156
Cash at bank in current accounts		2,862,454	3,183,066
Cash at bank in deposits accounts	15.1	1,152,381	68,365
		<u>4,014,836</u>	<u>3,251,431</u>
		<u>4,022,617</u>	<u>3,252,587</u>
<i>Balance pertaining to:</i>			
- clients		1,119,452	3,126,995
- brokerage house		2,895,384	124,436
		<u>4,014,836</u>	<u>3,251,431</u>

15.1 The balances in deposits accounts carry markup at the ranging from 2% to 3.25% (2018 : 2% to 3.25%).

	<i>Note</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
16 LONG TERM LOAN			
<i>Unsecured</i>			
Directors and sponsors	16.1	4,310,848	4,310,848
Add: Received during the year		10,748,580	-
Less: Repaid during the year		(920,000)	-
Less: Amortization of Loan		(5,803,728)	(994,461)
Unwinding of director loan		334,203	231,415
		<u>8,669,903</u>	<u>3,547,802</u>

16.1 These represent interest free loans and are not repayable within next twelve months and are amortized over a period of five years at 3 Month KIBOR + 2.5% at June 30, 2019.

	<i>Note</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
17 SHORT TERM BORROWINGS			
<i>Secured-from banking companies</i>			
Murabaha finances facility-Dubai Islamic Bank Limited	17.1	15,035,755	22,099,734
Murabaha finances facility- Bank Islami Limited	17.2	26,277,121	26,072,525
		41,312,876	48,172,259

17.1 The facility is secured against pledge of listed securities held by the member and personal guarantee of all the Directors along with their personal net worth statements covering facility amount plus markup. The facility carries markup at the rate of 3 months KIBOR + 2.5% (2018 : KIBOR + 2.5%). Total aggregate sanctioned limit is Rs.30 million (2018 : 30 million) and unavailed facility is Rs.14.96 million (2018 : Rs.7.90 million).

17.2 The facility is secured against pledge of listed securities held by the member and personal guarantee of all the Directors along with their personal net worth statements covering facility amount plus markup. The facility carries markup at the rate of 3 months KIBOR + 2% (2018 : 3 months Kibor + 2%). Total aggregate sanctioned limit is Rs.30 million (2018 : Rs.30 million) and unavailed facility is Rs.3.72 million (2018 : Rs.3.93 million).

	<i>2019 Rupees</i>	<i>2018 Rupees</i>
18 TRADE AND OTHER PAYABLES		
Due to clients	1,081,034	3,121,549
Payable to National Clearing Company Limited	-	1,680,184
Accrued expenses	1,597,789	1,342,326
With holding tax payable	6,254	1,224
	2,685,077	6,145,283

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

There are no contingencies at the year end (2018: Nil).

19.2 Commitments

Commitment against unrecorded transactions executed before year end having settlement date subsequent to year end:

	<i>2019 Rupees</i>	<i>2018 Rupees</i>
For purchase of shares	5,279,678	-
For sale of shares	5,347,714	-

20 BROKERAGE INCOME	<i>Note</i>	2019 Rupees	2018 Rupees
Gross commission		6,398,773	6,146,570
Federal excise duty		(566,886)	(542,272)
Commission to dealers & agents		(276,388)	(229,368)
	20.1	<u>5,555,499</u>	<u>5,374,930</u>
20.1 Brokerage commission pertains to			
Retail customers		<u>5,555,499</u>	<u>5,374,930</u>
21 ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, allowances and other benefits		6,954,730	5,158,060
Director remuneration		6,083,950	2,723,656
Service and transaction charges		840,401	723,620
Travelling and Conveyance		10,810	2,051,233
Postage, telephone and telegraph		298,087	234,980
Repair and maintenance		513,583	212,190
Utilities		60,551	283,033
Printing and stationery		90,739	66,035
Fee and subscription		398,377	513,320
Legal and professional charges		299,800	398,400
Audit fees	21.1	308,400	461,400
Insurance expenses		402,877	918,526
Entertainment		165,845	185,695
Charity and donations		497,562	214,518
Penalty		70,000	6,000
Depreciation		96,624	103,147
Miscellaneous		235,823	239,416
Transaction fees on purchase of investent-at FVPNL		864,933	-
Advances Written-Off		-	973,848
		<u>18,193,092</u>	<u>15,467,077</u>
21.1 Audit fees			
Statutory audit			
Reanda Haroon Zakaria and Company		249,000	225,720
System audit			
Naveed Zafar Ashfaq Jaffery and Co.		-	50,000
Certifications			
Net capital balance		32,400	29,700
Liquid Capital		-	29,700
Assets Segregation Certificate		27,000	25,000
Certificate of Internal Control System		-	25,000
		<u>308,400</u>	<u>461,400</u>
22 FINANCIAL CHARGES			
Amortization of advances		1,099,552	186,607
Short term borrowing - Murabaha Facility		5,654,088	3,877,451
Unamortization of Directors loan		334,203	231,415
Bank charges		147,691	215,435
		<u>7,235,534</u>	<u>4,510,908</u>

23 OTHER OPERATING INCOME	2019 Rupees	2018 Rupees
Income from financial assets		
Profit On Retention Money	-	220,084
Interest income	272	3,599
Other income	19,507	18,887
	19,778	242,570
Income from non-financial assets		
Reversal of provision	-	10,529,095
Liabilities Written-off	-	639,606
Unwinding of advances	186,605	653,969
	186,605	11,822,670
	206,384	12,065,240

24 REMUNERATION OF CHIEF EXECUTIVE

	2019		2018	
	Directors	Chief Executive	Directors	Chief Executive
	----- Rupees -----			
Remuneration	2,641,500	2,925,000	810,000	1,500,000
Others	-	517,450	-	413,656
Number of person(s)	1	1	1	1

24.1 In addition to the above the Chief Executive is also provided with free use of company maintained vehicle.

25 FINANCIAL INSTRUMENTS BY CATEGORY	2019 Rupees	2018 Rupees
Financial Assets		
Investment-At fair value through other comprehensive income		
Long term investment	14,055,521	21,353,581
Short term investment	-	10,304,740
Investment- at fair value through other profit and loss		
Short term investments	40,313,010	35,803,889
Loans and receivables		
Long term advances	1,042,808	86,753
Long term deposits	600,000	600,000
Trade debts	46,903,580	86,183,626
Trade deposits	13,084	13,084
Cash and bank balances	4,022,617	3,252,587
	52,582,089	90,136,050
	106,950,620	157,598,260

	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<i>Financial Liabilities</i>		
<i>Financial liabilities - at amortized cost</i>		
Long-term loans	8,669,903	3,547,802
Short term borrowings	41,312,876	48,172,259
Accrued markup	902,612	902,612
Trade and other payables	2,685,077	6,145,283
	<u>53,570,468</u>	<u>58,767,956</u>

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

26.1 Risk Management Policies

The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

26.2 Credit risk

Credit risk arises when changes in economic or industry factors similarly affects Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, other receivables and cash and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows: -

	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
Long term investment	14,055,521	21,353,581
Short term investments	40,313,010	46,108,629
Long term advances	1,042,808	86,753
Long term deposits	600,000	600,000
Trade debts	46,903,580	86,183,626
Trade deposits	13,084	13,084
Bank balances	4,022,617	3,252,587
	<u>106,950,620</u>	<u>157,598,260</u>

The ageing of trade receivables at the reporting date is:

Past due 1-365 days	30,542,541	77,912,602
Past due over 365 days	72,545,982	64,455,876
	<u>103,088,523</u>	<u>142,368,478</u>

The ageing has been prepared on first in first out basis by applying receipts to earliest invoices.

All the trade debtors at balances sheet date are domestic parties and management expects that overdue receivables will be recovered soon and provision of Rs.56.18 million is sufficient in respect of doubtful debt.

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

26.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any.

	2019			
	<i>Carrying Amount</i>	<i>Contractual Cash Flows</i>	<i>Less than one year</i>	<i>More than one year</i>
	----- Rupees -----			
<i>Financial Liabilities</i>				
Long term loans	8,669,903	(14,139,428)		(14,139,428)
Short term borrowings	41,312,876	(41,312,876)	(41,312,876)	-
Accrued markup	902,612	(902,612)	(902,612)	-
Trade and other payables	2,685,077	(2,685,077)	(2,685,077)	-
	53,570,468	(59,039,993)	(44,900,565)	(14,139,428)
<i>Financial Liabilities</i>				
Long term loans	3,547,802	(4,310,848)	-	(4,310,848)
Short term borrowings	48,172,259	(48,172,259)	(48,172,259)	-
Accrued markup	902,612	(902,612)	(902,612)	-
Trade and other payables	6,145,283	(6,145,283)	(6,145,283)	-
	58,767,956	(59,531,002)	(55,220,154)	(4,310,848)

26.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

a) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company believes that it is not exposed to any significant level of currency risk.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments is:

	2019	2018	2019	2018
	<i>Effective Rate</i>		<i>Carrying amount</i>	
	<i>(In percent)</i>		<i>Rupees</i>	
Financial liabilities				
Variable rate instrument				
Short term borrowings	3M KIBOR +2% to 3M KIBOR 2.5%	3M KIBOR +2% to 3M KIBOR 2.5%	41,312,876	48,172,259

Cash flow sensitivity analysis for variable rate instruments

A Change of 100 basis points in interest rates at the reporting date would have increased / (decreased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

	<i>Profit and loss</i>	
	<i>100 bp Increase</i>	<i>100 bp Decrease</i>
As at June 30, 2019		
Cash flow sensitivity - variable rate financial liabilities	413,129	(413,129)
As at June 30, 2018		
Cash flow sensitivity - variable rate financial liabilities	481,723	(481,723)

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss)/profit for the year and assets/liabilities of the Company.

c) Price Risk

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest 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 similar financial instruments traded in the market.

- *Sensitivity analysis*

At reporting date, if the market prices of each security held by the Company as short term investment had increased / decreased by Rupee 1 with all other variables remain constant, pre tax profit would have been higher / lower by the amount shown below.

	<i>2019</i>	<i>2018</i>
	<i>Rupees</i>	<i>Rupees</i>
<i>Effect on profit</i>		
Increase / Decrease	<u>3,563,216</u>	<u>3,565,484</u>

27 TRANSACTIONS WITH RELATED PARTIES

Related parties comprises associated companies, directors, key management personnel of member companies and various other related parties that has an interest in the Company that gives it significant influence over the Company. Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

<i>Relation with the Company</i>	<i>Nature of Transaction</i>	<i>2019</i>	<i>2018</i>
		<i>Rupees</i>	<i>Rupees</i>
Directors / Sponsors	Brokerage commission on transactions	<u>455,348</u>	<u>307,628</u>

Year end balances are mentioned in relevant notes.

The above transactions are at arm's length basis on commercial terms and conditions.

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

Capital risk management

The Company monitors capital using a gearing ratio, which is net debt divided by total capital which is the sum of equity and net debt. Equity comprises of share capital, capital and revenue reserves. Net debt is arrived at by deducting cash and bank balances from borrowings. During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios worked out as follows: -

	<i>2019</i>	<i>2018</i>
	<i>Rupees</i>	<i>Rupees</i>
Total borrowings	49,982,779	51,720,061
Cash and bank balances	(4,022,617)	(3,252,587)
Net debt	<u>45,960,162</u>	48,467,474
Total equity	<u>74,501,143</u>	119,424,623
Total capital	<u>120,461,304</u>	<u>167,892,097</u>
Gearing ratio	<u>38.15%</u>	<u>28.87%</u>

	2019 <i>Rupees</i>	2018 <i>Rupees</i>
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28 CAPITAL ADEQUACY LEVEL

The capital adequacy level of the company is as follows:

Total assets	128,071,610	178,192,579
Less: Total liabilities	(53,570,468)	(58,767,956)
Less: Revaluation reserves (created upon revaluation of fixed assets)	-	-
Capital adequacy level	74,501,142	119,424,623

28.1 While determining the value of total assets of TREC holder, notional value of TRE certificate held by B & B Securities (Private) Limited as at year ended June 30, 2019 as determined by the Pakistan Stock Exchange Limited - PSX has been considered.

29 NUMBER OF EMPLOYEES

The number of employees as at year end were 11 (2018 : 10) and average number of employees were 11 (2018 : 10).

30 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 07 OCT 2019 by the Board of Directors of the Company.

31 GENERAL

Amount have been rounded off to the nearest rupees.



Chief Executive



Director

Rm.