B & B SECURITIES (PRIVATE) LIMITED

Financial Statement For the year ended June 30, 2020 REANDA
Reanda Haroon Zakaria & Company
Chartered Accountants

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, 2020, 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, 2020 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 9.1 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.

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

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

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Phone: +92 21 35674741-44 | Fax: +92 21 35674745 Email: info@hzco.com.pk | URL: http://www.hzco.com.pk REANDA

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

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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: 0 5 OCT 2020

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

		2020	2019
	Note	Rupees	
ASSETS	rote	Rupees	Rupees
Non-Current Assets			
Property and equipment	4	545,993	554,208
Intangible assets	5	2,500,000	2,500,000
Long term investment	6	10,703,821	14,055,521
Long term deposits	7	500,000	600,000
Long term advances	8	978,287	1,042,808
Deferred tax asset	9	15,052,226	16,332,625
		30,280,327	35,085,162
Current Assets			
Short term investments	10	49,007,587	40,313,011
Trade debts	11	34,500,043	46,903,580
Trade deposits, prepayments and other receivable	12	671,988	116,201
Tax refund due from government	13	1,847,390	1,631,040
Cash and bank balances	14	1,708,083	4,022,617
	_	87,735,091	92,986,449
Total Assets	_	118,015,419	128,071,611
EQUITY AND LIABILITIES Capital and Reserves			
Authorized Share Capital			
17,000,000 (2019 : 17,000,000) Ordinary shares of Rs.10 each		170,000,000	170,000,000
17,000,000 (2017 : 17,000,000) Ordinary shares of Rs.10 each	=	170,000,000	170,000,000
Issued, subscribed and paid-up capital			
17,000,000 (2019 : 17,000,000) Ordinary shares of Rs.10 each		170,000,000	170,000,000
Capital reserve		8,498,645	11,850,345
Accumulated loss		(123,738,970)	(107,349,203)
Treditional 1035	_	54,759,676	74,501,143
Long Term Liabilities		34,737,070	74,301,143
Long term loan	15	9,189,658	8,669,903
Current Liabilities			
Short term borrowings	16	50,571,216	41,312,876
Trade and other payables	17	2,900,648	2,685,077
Accrued markup		594,222	902,612
		54,066,086	44,900,565
Contingencies and Commitments	18		
Total Equities and Liabilities	_	118,015,419	128,071,611
	=		

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

Chief Executive

Director

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Revenue			
Brokerage income	19	6,381,918	5,555,499
Dividend income		441,602	321,418
Capital (loss) / gain on sale of securities - Net		(714,308)	(2,113,482)
Unrealized loss on re-measurement of investment		(3,520,161)	(21,085,698)
Unwinding of advances	22 _	1,099,552	
		3,688,602	(17,322,263)
Expenses			
Administrative and operating expenses	20	15,404,806	18,193,092
Financial charges	21	7,167,480	7,235,534
		22,572,285	25,428,626
Other operating income	22	4,492,181	206,384
Loss before tax	_	(14,391,502)	(42,544,506)
Taxation			
Current	Г	198,112	117,656
Prior		-	67,187
Deferred		1,280,399	(63,247)
		1,478,511	121,596
Loss after tax	_	(15,870,013)	(42,666,102)

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

Chief Executive

Director

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STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

		2020 upees	2019 Rupees
Loss after tax	(15	5,870,013)	(42,666,102)
Other comprehensive income			
Re-classification of loss to profit and loss from equity		-	(5,097,585)
Reversal on revaluation of investment	(3	3,351,700)	(7,298,060)
Total comprehensive loss for the year	(19	9,221,713)	(55,061,747)

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

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

		74	Capital Reserve			
	Issued subscribed and paid up capital	Surplus on revaluation of investments	Revaluation surplus on intangible asset	Subtotal	Accumulated (loss) / income	Total
			Rup	ees		
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 loss	-	(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
Total comprehensive loss for the year						
Loss for the year	_	-	-	-	(15,870,013)	(15,870,013)
Other comprehensive loss	_	(3,351,700)	-	(3,351,700)	_	(3,351,700)
,	-	(3,351,700)	-	(3,351,700)	(15,870,013)	(19,221,713)
Transaction with owners						
Interest income on amortized cost	-	-	-	-	(519,755)	(519,755)
Balance as at June 30, 2020	170,000,000	8,498,645	-	8,498,645	(123,738,971)	54,759,675

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

Chief Executive

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
A.	CASH FLOWS FROM OPERATING ACTIVITIES	Rupees	Rupees
	Loss before tax	(14,391,502)	(42,544,506)
	Adjustments for non cash items:		
	Depreciation	93,985	96,624
	Financial charges	6,405,907	5,801,779
	Unamortization of Directors Ioan	-	334,203
	Unamortization of long term advances	761,573	1,099,552
	Unrealized loss on re-measurement of investment	3,520,161	21,085,698
	Capital gain on disposal of investment	714,308	2,113,482
	Unwinding of advances	(1,099,550)	(186,605)
		10,396,385	30,344,733
	Operating (loss) / profit before working capital changes (Increase) / Decrease in Current Assets	(3,995,117)	(12,199,773)
	Trade debts	12,403,537	39,280,046
	Trade deposits, prepayments and other receivables	(555,786)	147,119
	(Decrease) / Increase in current liabilities	(000,700)	117,115
	Trade and other payables	215,571	(3,460,206)
	and the payment	12,063,322	23,767,186
	Taxes paid	(407,464)	(840 110)
	Finance charges paid		(840,110)
	Thance charges paid	(6,714,298)	(5,801,781)
	Net cash used in operating activities	<u>(7,121,762)</u> 946,443	(6,641,891) 17,125,295
	Net eash used in operating activities	940,443	17,123,293
В.	CASH FLOWS FROM INVESTING ACTIVITIES		
	Additions of property, plant and equipment	(85,770)	(51,900)
	Long term Deposits	100,000	-
	Long term advances-net	402,500	(1,869,000)
	Purchase of investments - net	(12,936,047)	(17,403,561)
	Net cash used in / generated from investing activates	(12,519,317)	(19,324,461)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
	Long term loan from directors-net		9,828,580
	Short term borrowing	9,258,340	(6,859,384)
	Net cash generated from / used in financing activities	9,258,340	2,969,196
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(2,314,534)	770,030
	Cash and cash equivalents at the beginning of the year	4,022,617	3,252,587
	Cash and cash equivalents at the end of the year	1,708,083	4,022,617

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

Chief Executive

Director

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.

1.2 Impact of COVID-19 on the financial statements

Management has thoroughly evaluated the effects of COVID-19 on the operations of the Company and concluded that there are no material implications of COVID-19 that could have required any disclosure in these financial statements.

2 BASIS OF PRESENTATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise 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.

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.

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.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements 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.

2.5 New standards, amendments to standards and IFRS interpretations that are effective for the June ended June 30, 2020

The following amendments to accounting standards are effective for the year ended June 30, 2020. Except as explained otherwise, these standards and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Effective for period beginning on or after

Amendments to IFRS 9 'Financial Instruments': Amendments regarding prepayment features with negative compensation and modifications of financial liabilities

January 1, 2019

IFRS 14 'Regulatory Deferral Accounts'

July 1, 2019

Amendments to IAS 19 'Employee Benefits': Plan amendments, curtailments or settlements

January 1, 2019

Amendments to IAS 28 'Investments in Associates and Joint Ventures': Long-term interests in associates and joint ventures

January 1, 2019

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

January 1, 2019

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

2.6 Amendments to standards and IFRS interpretations that are not yet effective

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

period beginning on or after

Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business

January 1, 2020

Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach

January 1, 2023

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture

Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.

3 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.

3.1 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:

3.2 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 Profit & Loss Account as and when incurred while cost of major replacements and improvements, if any, are capitalized.

3.3 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.

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.

3.4.1 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.

3.5 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.

- 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.

3.7 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.

3.8 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.

3.9 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.

3.10 Cash and cash equivalents

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

3.11 Cash and bank balances

Cash and bank balances are carried at nominal amount.

3.12 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 mount equal to lifetime ECLs.

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.

3.13 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

3.14 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.

3.15 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

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.

3.17 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.

3.18 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 with in one year or less (or in normal operating cycle of the business if longer). If not they are presented as non - current liabilities.

3.19 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.

3.20 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.

3.20.1 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.

3.21 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.

- Brokerage income is recognized as and when services are provided.
- 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.
- Gains / (losses) arising on sale of investment are included in the statement of profit or loss for the period which they arise.
- 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.
- Other income is recognized on receipt basis.

3.23 Transactions with related parties

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

3.24 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.

		COST		10	L		- Written down	
Jan 1942 V. 15, 121	As at July 01, 2019	Additions/ Deletions	As at June 30, 2020	Rate	As at July 01, 2019	For the year	As at June 30, 2020	value as at June 30, 2020
		Rupees				Ru	pees	
Furniture and fixtures	268,015	-	268,015	10%	214,394	5,362	219,756	48,259
Office equipment	636,238	38,220	674,458	10%	387,976	28,648	416,624	257,834
Computer equipment	946,495	47,550	994,045	20%	780,761	42,657	823,417	170,628
Vehicles	1,575,072	-	1,575,072	20%	1,488,482	17,318	1,505,800	69,272
Rupees-2020	3,425,820	85,770	3,511,590		2,871,612	93,985	2,965,597	545,993

		COST			L		- Written down	
	As at July 01, 2018	Additions/ Deletions	As at June 30, 2019	Rate	As at July 01, 2018	For the year	As at June 30, 2019	value as at June 30, 2019
		Rupees		•		Ru	pees	
Furniture and fixtures	268,015	nerzyczenik new rom	268,015	10%	208,436	5,958	214,394	53,621
Office equipment	636,238	1-1	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	g = 1_ g	1,575,072	20%	1,466,834	21,648	1,488,482	86,590
Rupees-2019	3,373,920	51,900	3,425,820		2,774,988	96,624	2,871,612	554,208

5	INT	ANGIBLE ASSETS		ž.	
		Trading Rights Entitlement Certificate	_	2,500,000	2,500,000
6	LON	NG TERM INVESTMENT 2020 2019			
		Number of Shares			
		1,081,194 1,081,194 Investment in shares of Pakistan Stock Exchange Limited - at fair value through other comprehensive income	1	10,703,821	10,790,316
		Unrealized gain on remeasurement 1,081,194 1,081,194	t 6.1	(3,351,700) 10,703,821	3,265,205
	6.1	This represents shares of Pakistan Stock Exchange Limit corporatization and demutualization of PSX as a public of arrangements the authorized and paid-up capital of PSX is respectively with a par value of Rs. 10 each. The paid-up cap 200 members of PSX by issuance of 4,007,383 shares to end follows:	company Rs.10,000 pital of P	limited by share 0,000,000 and Rs SX is equally dis-	es. As per the s.8,014,766,000 tributed among
	6.2	Shares in hand	Note	2020 Rupees	2019 Rupees
	0.2	Shares in hand	,		
		Long term investment -at fair value through other comprehensive income Short term investment -at fair value through profit and loss	6.3	1,081,194	1,081,194 532,759 1,613,953
	6.3				
		Currently these are not available for trading and are classified through- other comprehensive income	d as long	term investment	- at Fair Value
			d as long	2020 Rupees	- at Fair Value 2019 Rupees
7	LON		d as long	2020	2019
7	LON	through- other comprehensive income	d as long	2020	2019

Note

Rupees

Rupees

LONG TERM ADVANCES	Rupees	Rupees
To employees - considered good	1,042,808	86,753
Add: unwinding of advances	1,099,552	186,607
	2,142,360	273,360
Add: advancement during the year	425,000	1,909,000
Less:Payment received during ther year	(827,500)	(40,000)
	1,739,860	2,142,360
Less: amortization of advances	(761,573)	(1,099,552)
	978,287	1,042,808

9 DEFERRED TAX ASSET / (LIABILITY)

Deferred taxation comprises differences relating to:

Credit balance arises due to: Accelerated tax depreciation	(37,722)	(30,426)
Debit balance arises due to:		
Provision for doubtful debt	14,994,219	16,293,607
Minimum tax	95,729	69,444
Tax loss	29,547,238	27,393,614
	44,637,186	43,756,665
Deferred tax not recognized	(29,547,238)	(27,393,614)
	15,052,226	16,332,625

9.1 Deferred tax asset recognised aggregating to Rs. 15.05 million (2019: Rs.16.33) 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.

			2020	2019
		Note	Rupees	Rupees
10	SHORT TERM INVESTMENTS			
	Investment at fair value through profit or loss			
	Listed equity securities		52,527,749	61,398,709
	Unrealised gain / (Loss) on re - measurement of investment	_	(3,520,162)	(21,085,698)
		10.1	49,007,587	40,313,011

2020	2019		2020	2019
Number o	of shares		Rupees	Rupees
100	600	Arif Habib Ltd.	3,253	18,978
100	-	Akzo Nobel Pak.XD	27,000	-
300	Street was well as	Attock Petroleum	91,560	-
2,000	2,000	Aisha Steel Mill	18,420	18,400
20,000	70,500	Amreli Steels	652,800	1,738,530
-	700	Atlas Battery	-	67,235
3,900	44,500	Attock Refinery	348,348	3,438,515
1,000	-	Avanceon Ltd	35,360	-
373,000	371,000	Bal.Glass	2,420,770	1,487,710
-	10,000	Bank Of Khyber	-	98,600
25,000	5,000	B.O.Punjab	210,000	45,750
115,000	40,000	Byco Petroleum	692,300	256,400
3,000	-	Chashma Sugar	213,000	-
296,000	115,000	Dewan Cement	2,302,880	898,150
9,000	9,000	Dawood Equities	28,800	22,860
2,000	-	D.G.K.Cement	170,660	- 1
500	-	D.M.Industries	10,070	-
520,000	520,000	Dewan Salman Fiber LtdFreeze	-	-
40,000	40,000	Dost Steels Ltd	122,000	137,600
1,500		Engro Fert.	90,420	-
100	100	EFG Hermes Pak	1,451	1,740
-	2,500	Engro Foods Limited	-	145,825
12,000	1,000	Engro Polymer	299,760	26,960
27,000	8,000	Fauji Cement	455,760	125,840
232	232	Ist.Capital Sec	241	172
5,000	-	Fecto Cement	104,100	-
7,000	200	Ferozsons (Lab)	2,103,010	22,364
30,000	50,000	Fauji Fert Bin	478,800	911,500
500		Fauji Ferd.	54,995	43,600
186,000		Fauji Foods Ltd	1,757,700	461,650
550	550	Flying Cement	4,978	7,458
800	1,300	Gadoon Textile	127,608	179,842
21,000	21,000	Ghani Automobile	128,310	72,030
1,300	10,000 300	GhaniGlobalGlass Ghandhara Ind.	155 200	59,900
200	-	GlaxoSmithKline	157,300	26,211
3,500	7,580	General Tyre	34,816	200 446
61,772	931	Hascol Petrol	208,250 840,099	390,446 63,885
19,434	1,000	Habib BankXD	1,882,572	113,260
1,000	2,200	Honda Atlas Cars	193,680	326,304
40,000	40,000	Haji Muhammad Ismail Mills Ltd-	193,000	320,304
40,000	40,000	Freeze	_	-
72,000	99,000	HI-Tech Lub.	2,180,160	2,738,340
500	-	Hub Power Co.	36,250	-
3	3	Innovative Investment Bank		
		Limited- Freeze	-	_
1,200	1,200	JS Bank Ltd	6,420	6,576
30,430	70,430	Jah.Sidd. Co.	359,074	762,053
70	70	JS Global Cap.	4,200	1,782
1,933,991	1,581,396		C/f 18,857,175	14,716,465

Transcer o	fshares			Rupees	Rupees
1,933,991	1,581,396		B/f	18,857,175	14,716,465
1,200	1,200	Js Investments Limited		27,600	18,540
186,000	-	K-Electric Ltd.		559,860	
30,300	2,800	Loads Limited		421,170	42,308
3,500	_	Lucky Cement		1,615,530	-
1	-	Mari Petroleum		1,237	-
128	128	MCB Bank Ltd		20,745	22,330
325	325	Matco Foods Ltd		6,195	8,782
50,000	_	Maple Leaf		1,299,000	
50	50	Metropolitan Steel		499	525
2,000	-	Netsol Tech.		99,420	
227	227	NIMIR Industrial chemical Ltd.		16,793	11,609
38,300	22,800	National Refinery		4,108,824	2,587,116
_	286,500	Nimir Resins		-	1,518,450
17,620	10,000	Oil & Gas Dev.		1,920,580	1,314,900
419,000	417,000	Pace (Pak) Ltd.		884,090	617,160
-	74,500	Pak Elektron		_	1,491,490
250	250	Pervez Ahmed Co		183	130
35,000	5,000	Pak Int.Bulk		308,000	42,200
3,000	5,000	Pioneer Cement		189,120	12,200
1,400		Packages Ltd.		486,094	
1,400	9,000	P.N.S.C		400,074	574,650
5,100	2,000	Pak Oilfields		1,788,213	574,050
94,000	92,500	Power Cement			594,775
12,045		Pak Petroleum		582,800	
	10,051	Pak Refinery		1,045,265	1,451,666
102,000	9,500	Pak Suzuki		1,163,820	153,520
4,800	5,500			776,784	1,259,280
1 577 452	1,000	P.S.O.		4.012.064	169,630
1,577,453		Pak Stock Exchange	15	4,912,964	6,925,867
3,126		Roshan Packages		70,085	882,107
2,500	2.040	Sazgar Eng		311,475	-
2,000	3,940	The Searle Co.		398,460	577,446
1,000	2,400	Shell Pakistan		182,580	437,904
178,598	173,598	Silk Bank Ltd		150,022	204,846
498,062	343,062	Summit Bank		597,674	222,990
310,000	304,500	Safe Mix Con.Lt		1,608,900	2,478,630
10,000	500	Sui North Gas		546,000	34,745
ERRORT.	5,000	Sitara Peroxide		-	95,900
37,500	38,000	Sui South Gas		500,250	785,840
105,000	-	Siddiqsons Tin		968,100	-
-	2,500	Treet Corporation (Ptc)		-	14,725
600	900	Thal Limited		194,964	327,654
270	70	Treet Corp		4,822	1,068
2,500	30,000	TRG Pak Ltd		70,600	490,800
109,000		Tri-Star Poly		764,090	-
97,000	90,000	Tri-Star Power XD		260,930	234,000
115,000	~	Unity Foods Ltd		1,282,250	-
237	237	Zahidjee Textile Mills Limited		4,425	2,963
249	249	Mcb Pakistan Stock Market Fund -			
		Freeze		_	-
5,990,332	4,123,468	·	_	49,007,587	40,313,010

2020	2019	2020	2019
Number	of Shares	Rupees	Rupees
1,081,194	1,081,194	10,703,821	14,055,522

10.3 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 freezed and no market value of shares are available, therefore they are appearing at nil value.

			2020	2019
		Note	Rupees	Rupees
TRA	DE DEBTS			
	Unsecured-Considered good			
	Due from clients	11.1	30,019,394	46,903,58
	Unsecured - Considered doubtful		56,184,852	56,184,85
	Less: Provision for doubtful debts	11.2	(51,704,203)	(56,184,85
		_	4,480,649	-
		_		
		_	34,500,043	46,903,58
11.1	This amount includes Rs.4,885,615 (2019 Rs.2,926,587) perta	ining to r		
11.1	This amount includes Rs.4,885,615 (2019 Rs.2,926,587) pertain	= ining to r		
11.1	This amount includes Rs.4,885,615 (2019 Rs.2,926,587) pertained to the Movements of the provision for the doubtful debts is as	ining to r	elated party of the	e company.
			elated party of the	e company.
	The Movements of the provision for the doubtful debts is as follows:		elated party of the 2020 Rupees	e company. 2019 Rupees
	The Movements of the provision for the doubtful debts is as follows: Opening balance	Note	elated party of the	e company. 2019 Rupees
	The Movements of the provision for the doubtful debts is as follows: Opening balance Provision made during the year		elated party of the 2020 Rupees 56,184,852	e company. 2019 Rupees
	The Movements of the provision for the doubtful debts is as follows: Opening balance	Note	elated party of the 2020 Rupees	2019

11.3 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.

12 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	2020 Rupees	2019 Rupees
Trade deposits		
National Clearing Company Limited	612,138	13,084
Advance		
Advance against salary	20,000	20,000
Prepayments	A.	
Prepaid insurance	-	40,909
Other Receivables		
Receivable from PSX	39,850	39,850
Receivable from NCCPL	_	2,358
	671,988	116,201

13	TAXATION - NET			
	Opening balance		1,631,040	975,773
	Add: Tax paid during the year		400,462	840,110
	Less: Provision for taxation		(198,112)	(117,656)
	Less: Prior year adjustment			(67,187)
	Closing balance	_	1,847,390	1,631,040
		-		
11	CASH AND BANK BALANCES			
17			10.021	7.701
	Cash in hand		10,831	7,781
	Cash at bank in current accounts		1,655,674	2,862,454
	Cash at bank in deposits accounts	14.1	41,578	1,152,381
	Cush at bank in deposits accounts		1,697,252	4,014,836
			1,708,083	4,022,617
	Balance pertaining to:			
	- clients		1,611,639	1,119,452
	- brokerage house		90,715	2,895,384
	- brokerage nouse	_		
		_	1,697,252	4,014,836
	15.7 Evelloskover	=		
	14.1 The balances in deposits accounts carry markup at the ranging	ng from 2%		
	15.7 Evelloskover	ng from 2%		
	15.7 Evelloskover	ng from 2% · Note	to 3.25% (2019 : 2	2% to 3.25%).
15	15.7 Evelloskover		to 3.25% (2019 : 2020	2% to 3.25%).
15	14.1 The balances in deposits accounts carry markup at the ranging LONG TERM LOAN		to 3.25% (2019 : 2020	2% to 3.25%).
15	14.1 The balances in deposits accounts carry markup at the ranging LONG TERM LOAN Unsecured		to 3.25% (2019 : 2 2020 Rupees	2% to 3.25%).
15	14.1 The balances in deposits accounts carry markup at the ranging the long TERM LOAN Unsecured Directors and sponsors	Note	to 3.25% (2019 : 2020	2% to 3.25%). 2019 Rupees 4,310,848
15	14.1 The balances in deposits accounts carry markup at the ranging LONG TERM LOAN Unsecured Directors and sponsors Add: Received during the year	Note	2020 Rupees 14,139,428 300,000	2% to 3.25%). 2019 Rupees 4,310,848 10,748,580
15	14.1 The balances in deposits accounts carry markup at the ranging the long TERM LOAN Unsecured Directors and sponsors Add: Received during the year Less: Repaid during the year	Note	2020 Rupees 14,139,428 300,000 (300,000)	2% to 3.25%). 2019 Rupees 4,310,848 10,748,580 (920,000
15	14.1 The balances in deposits accounts carry markup at the ranging the secured Directors and sponsors Add: Received during the year Less: Repaid during the year Less: Amortization of Loan	Note	2020 Rupees 14,139,428 300,000	2% to 3.25%) 2019 Rupees 4,310,848 10,748,580 (920,000) (5,803,728)
15	14.1 The balances in deposits accounts carry markup at the ranging the long TERM LOAN Unsecured Directors and sponsors Add: Received during the year Less: Repaid during the year	Note	2020 Rupees 14,139,428 300,000 (300,000)	2% to 3.25%). 2019 Rupees 4,310,848 10,748,580 (920,000) (5,803,728) 334,203
15	14.1 The balances in deposits accounts carry markup at the ranging the secured Directors and sponsors Add: Received during the year Less: Repaid during the year Less: Amortization of Loan	Note 15.1	2020 Rupees 14,139,428 300,000 (300,000) (4,949,770) 9,189,658	2% to 3.25%). 2019 Rupees 4,310,848 10,748,580 (920,000 (5,803,728 334,203 8,669,903
15	14.1 The balances in deposits accounts carry markup at the ranging the secured Directors and sponsors Add: Received during the year Less: Repaid during the year Less: Amortization of Loan Unwinding of director loan	Note 15.1	2020 Rupees 14,139,428 300,000 (300,000) (4,949,770) 9,189,658	2% to 3.25%) 2019 Rupees 4,310,848 10,748,580 (920,000) (5,803,728) 334,203 8,669,903
15	 14.1 The balances in deposits accounts carry markup at the ranging the large of the lar	Note 15.1	2020 Rupees 14,139,428 300,000 (300,000) (4,949,770) 9,189,658	2% to 3.25%). 2019 Rupees 4,310,848 10,748,580 (920,000 (5,803,728 334,203 8,669,903
115	 14.1 The balances in deposits accounts carry markup at the ranging the large of the lar	Note 15.1	2020 Rupees 14,139,428 300,000 (300,000) (4,949,770) 9,189,658 welve months and	2% to 3.25%) 2019 Rupees 4,310,848 10,748,580 (920,000) (5,803,728) 334,203 8,669,903 d are amortize
	 14.1 The balances in deposits accounts carry markup at the ranging the large of the lar	Note 15.1	2020 Rupees 14,139,428 300,000 (300,000) (4,949,770) 9,189,658 welve months and	2% to 3.25%) 2019 Rupees 4,310,848 10,748,580 (920,000) (5,803,728 334,203 8,669,903 d are amortize
15	 14.1 The balances in deposits accounts carry markup at the ranging the large of the country of the position of the country of th	Note 15.1	2020 Rupees 14,139,428 300,000 (300,000) (4,949,770) 9,189,658 welve months and	2% to 3.25%) 2019 Rupees 4,310,848 10,748,580 (920,000 (5,803,728 334,203 8,669,903 d are amortize
	 14.1 The balances in deposits accounts carry markup at the ranging the lighter of the position of the position of the lighter of the position of the position of the lighter of the lighter	Note 15.1	2020 Rupees 14,139,428 300,000 (300,000) (4,949,770) 9,189,658 welve months and	2% to 3.25%). 2019 Rupees 4,310,848 10,748,580 (920,000 (5,803,728 334,203 8,669,903 d are amortized
15	 14.1 The balances in deposits accounts carry markup at the ranging the large of the country of the position of the country of th	Note 15.1 within next to a 30, 2020. Note	2020 Rupees 14,139,428 300,000 (300,000) (4,949,770) 9,189,658 welve months and	2% to 3.25%). 2019 Rupees 4,310,848 10,748,580 (920,000) (5,803,728) 334,203 8,669,903 d are amortized

Note

Rupees

Rupees

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% (2019 : KIBOR + 2.5%). Total aggregate sanctioned limit is Rs.30 million (2019 : 30 million) and unavailed facility is Rs.0.172 million (2019 : Rs.14.96 million).

16.2 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 + 2.5% (2019 : 3 months Kibor + 2%). Total aggregate sanctioned limit is Rs.30 million (2019 : Rs.30 million) and unavailed facility is Rs.9.25 million (2019 : Rs.3.72 million).

	2020	2019
	Rupees	Rupees
17 TRADE AND OTHER PAYABLES		
Due to clients	1,611,636	1,081,034
Accrued expenses	1,281,212	1,597,789
With holding tax payable	7,800	6,254
	2,900,648	2,685,077

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

There are no contingencies at the year end (2020: Nil).

18.2 Commitments

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

		Note	2020 Rupees	2019 Rupees
	For purchase of shares	_	24,492,276	5,279,678
	For sale of shares	_	24,925,887	5,347,714
9	BROKERAGE INCOME			
	Gross commission		7,045,778	6,398,773
	Federal excise duty	-	(611,467) 6,434,311	(566,886) 5,831,887
	Commission to dealers & agents	19.1	(52,393) 6,381,918	(276,388) 5,555,499
	19.1 Brokerage commission pertains to	=		
	Retail customers		6,381,918	5,555,499

Note	Rupees	Rupees
20 ADMINISTRATIVE AND OPERATING EXPENSES		
	ě.	
Salaries, allowances and other benefits	8,238,500	6,954,730
Director remuneration	1,910,325	6,083,950
Service and transaction charges	871,629	840,401
Travelling and Conveyance	211,095	10,810
Postage, telephone and telegraph	314,615	298,087
Internet Bill	11,950	5. -
Repair and maintenance	1,020,480	513,583
Utilities	255,414	60,551
Printing and stationery	94,290	90,739
Fee and subscription	513,114	398,377
Legal and professional charges	460,500	299,800
Audit fees 20.1	322,100	308,400
Insurance expenses	48,981	402,877
Entertainment	169,480	165,845
Charity and donations	517,659	. 497,562
Penalty	8	70,000
Depreciation	93,985	96,624
Miscellaneous	333,189	235,823
Transaction fees on puchase of investent-at FVPNL		864,933
Billing Invoice	17,500	
Dining invoice	15,404,806	18,193,092
20.1 Audit fees		
2012 1.1.1111		
Statutory audit		
Reanda Haroon Zakaria and Company	264,600	249,000
Certifications	30,000	32,400
Net capital balance	27,500	27,000
Assets Segregation Certificate	322,100	308,400
21 FINANCIAL CHARGES		
A service of Continuous Continuou	761,573	1,099,552
Amortization of advances	6,184,003	5,654,088
Short term borrowing - Murabaha Facility	-	334,203
Unamortization of Directors loan	167,905	147,691
Bank charges	54,000	-
Non Delivery Charges	7,167,480	7,235,534
	*	7,200,001

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2,685,077
3,570,468

25.1 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.

25.2 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: -

The form of the first of the fi	2020	2019
	Rupees	Rupees
Long term investment	10,703,821	14,055,521
Short term investments	49,007,587	40,313,010
Long term advances	978,287	1,042,808
Long term deposits	500,000	600,000
Trade debts	34,500,043	46,903,580
Trade deposits	612,138	13,084
Bank balances	1,708,083	4,022,617
	98,009,960	106,950,620
The ageing of trade receivables at the reporting date is:		
Past due 1-365 days	31,497,492	30,542,541
Past due over 365 days	54,706,754	72,545,982
respirate production and most	86,204,246	103,088,523

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 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.

25.3 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.

		2020	
	Carrying	Contractual	Less than one
	Amount	Cash Flows	year
		Rupees	
a Chara			
Financial Liabilities			
Long term loans	9,189,658	(14,139,428)	-
Short term borrowings	50,571,216	(50,571,216)	(50,571,216)
Accrued markup	594,222	(594,222)	(594,222)
Trade and other payables	2,685,077	(2,685,077)	(2,685,077)
	63,040,172	(67,989,942)	(53,850,514)
and a			
n in the second			
eta, man film and the second		2019	
	Carrying	Contractual	Less than one
	Amount	Cash Flows	year
		Rupees	
Financial Liabilities			
Long term loans	8,669,903	(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)

25.4 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.

Interest rute 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:

	2020	2019	2020	2019
	Effectiv	e Rate	Carrying	amount
	(In pe		Rup	ees
Financial liabilities Variable rate instrument				
Short term borrowings	3M KIBOR +2% to 3M	3M KIBOR +2% to 3M		
	KIBOR 2.5%	KIBOR 2.5%	50,571,216	41,312,876

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.

	Profit an	id loss	
	100 bp	100 bp	
	Decrease	Increase	
As at June 30, 2020 Cash flow sensitivity - variable rate financial liabilities	(505,712)	505,712	
As at June 30, 2019 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.

Price Risk

c)

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.

	2020	2019
	Rupees	Rupees
Effect on profit		
Increase / Decrease	5,430,080_	3,563,216

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:

Relation with the Company	Nature of Transaction	2020 Rupees	2019 Rupees
Directors / Sponsors	Brokerage commission on transactions	687,655	455,348

Year end balances are mentioned in relevant notes.

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

27 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: -

	2020 Rupees	2019 Rupees
Total borrowings Cash and bank balances Net debt	50,571,216 (1,708,083) 48,863,133	49,982,779 (4,022,617) 45,960,162
Total equity Total capital	54,759,676 103,622,808	74,501,143 120,461,304
Gearing ratio	47.15%	38.15%

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1	ASSETS	A	nount in Rupee	25
1.1	Property and Equipment	545,993	100.00%	-
1.2	Intangible Assets	2,500,000	100.00%	-
1.3	Investment in Government Securities	-	-	_
1.4	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure up to 1 year.	-	-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	· -	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	_	-	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure up to 1 year.	-	-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.		-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
1.5	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	41,811,013	8,660,604	33,150,409
	ii. If unlisted, 100% of carrying value.	-	100.00%	-
1.6	Investment in subsidiaries	-	_	-
1.7	Investment in associated companies/undertaking	*		
	i. If listed 20% or VaR of each securities as computed by the			
	Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,112,138	100.00%	-
1.9	Margin deposits with exchange and clearing house.	_	-	-
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments		-	-
1.12	Accrued interest, profit or mark-up on amounts placed with			
1.12	financial institutions or debt securities etc.(Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties		-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-

No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.15	Advances and receivables other than trade receivables	An	nount in Rupee	S
	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	-	•	
	ii. Tax refunds due from Government	-	-	-
	iii. Receivables other than trade receivables	_	-	-
1.16	Receivables from clearing house or securities exchange(s)			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MTM gains.	-	-	-
1.17	Receivables from customers			
	 i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. Lower of net balance sheet value or value determined through adjustments. 	_	-	
	ii. In case receivables are against margin trading, 5% of the net balance sheet value.ii. Net amount after deducting haircut	-	-	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract,iii. Net amount after deducting haircut	-		-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value	8,186,577	-	8,186,577
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. v. Lower of net balance sheet value or value determined through adjustments	78,017,669	21,813,379	21,813,379
	vi. 100% haircut in the case of amount receivable from related parties.	-	-	-
1.18	Cash and Bank balances			
	i. Bank balance - proprietary accounts	1,611,639	-	1,611,639
	ii. Bank balance - customer accounts	90,715	-	90,715
	iii. Cash in hand	10,831	-	10,831
1.19	Subscription money against Investment in IPO/offer for Sale: No haircut if shares have not been allotted or are not included in the investments of securities broker.		-	-
1.20	Total Assets	133,886,575		64,863,550

No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2	LIABILITIES	Ai	nount in Rupee	25
2.1	Trade Payables		•	0
	i. Payable to exchanges and clearing house	-	-	_
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	1,611,636	-	1,611,63
2.2	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	1,561,134	-	1,561,13
	iii. Short-term borrowings	50,571,216	-	50,571,21
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities		-	
	vi. Deferred Liabilities	-	-	-
	vii. Provision for taxation	-	-	-
	viii. 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 institution: 100%			
	haircut in case of long term portion of financing obtained from a financial institution including amount due against finance lease	14,139,428	100%	-
	ii. Staff retirement benefits	-	-	-
	iii. Other non-current liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	Subordinated Loans			
	i. 100% haircut in case of 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	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. Board of Directors of the company has approved the increase in capital			
	c. Relevant Regulatory approvals have been obtained			
	d. There is no unreasonable delay in issue of shares against			
	advance and all regulatory requirements relating to the increase in paid up capital have been completed.			
	e. Auditor is satisfied that such advance is against the increase of capital.			
2.6	Total Liabilities	67,883,414		53,743,98

No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3	RANKING LIABILITIES RELATING TO:	A	mount in Ruped	2S
3.1	Concentration in Margin Financing			0
	The amount calculated client - to - client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-		-
3.2	Concentration in securities lending and borrowing			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed.	-	-	-
3.3	Net underwriting Commitments			
	(a) in the case of right issue: if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitment.	-	-	-
	(b) in any other case: 12.5% of the net underwriting commitments	-	-	-
3.4	Negative equity of subsidiary The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary		-	-
3.5	Foreign exchange agreements and foreign currency position	S		
	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	Repo adjustment			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.		-	-

Na.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Aajustea Value
3.8	Concentrated proprietary positions			
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security		-	-
3.9	Opening Positions in futures and options	A	mount in Ruped	2S
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral / pledged with securities exchange after applying VaR haircuts	-,	-	-
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met		-	-
3.10	Short sell positions			
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts		_	-
	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.		-	-
3.11	Total Ranking Liabilities	-	-	_

Calculation Summary of Liquid Capital:

1	Adjusted value of Assets (serial number 1.20)	64,863,550
2	Less: Adjusted value of liabilities (serial number 2.6)	(53,743,986)
3	Less: Total ranking liabilities (series number 3.11)	
		11 119 564

NET CAPITAL BALANCE AS OF JUNE 30, 2020 <u>CURRENT ASSETS</u>		
CURRENT ASSETS		
		0
Cash in hand and bank balances		
Cash in hand		10,83
Bank Balances		
Bank balances pertaining to brokerage house		90,715
Bank balances pertaining to clients		1,611,638
		1,702,353
	14	1,713,18
Trade Receivables	_	
Receiveable From Clients	11	86,204,240
Less: Overdue for more than 14 days		(73,388,425
		12,815,82
Margin deposited with NCCPL		
against exposure ready market	12	612,138
Securities held on behalf of client where payment		
has not been received in 14 days		19,823,989
Investment in listed securities		
Securities on the exposure list marked to market	29.1	41,823,983
Less: 15% discount		(6,273,598
	_	35,550,380
Total Current Assets	A	70,515,518
CURRENT LIABILITIES		
Trade Payable		
Book values	17	1,611,630
Less: over due for more than 30 days	29.2	(173,033
	_	1,438,603
Other liabilities	29.2	52,627,48.
Total Current Liabilities	В	54,066,086
NET CAPITAL BALANCE	A minus B	16,449,432

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16

1,883,234 50,571,216

52,627,483

Accrued liabilities

Short term borrowing

30 CAPITAL ADEQUACY LEVEL

The capital adequacy level of the company is as follows:

118,015,419	128,071,610
(63,255,744)	(53,570,468)
-	-
54,759,675	74,501,142
	(63,255,744)

30.1 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.

31 NUMBER OF EMPLOYEES

The number of employees as at year end were 11 (2019:10) and average number of employees were 11 (2019:10).

32 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 0 5 0CT 2020 by the Board of Directors of the Company.

33 GENERAL

Amount have been rounded off to the nearest rupees.

Chief Executive

Director