

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

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

INDEPENDENT AUDITORS' REPORT

To the members of Bawa Securities (Private) Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In connection with our audit, we further report that in our opinion:

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

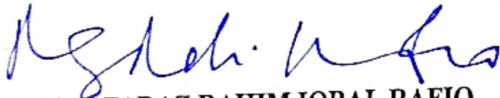
the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared.

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



AHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Carachi

Date: 05 OCT 2020

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

EQUITIES AND LIABILITIES

Share capital and reserves

Authorized capital

1,000,000/- (2019: 1,000,000) ordinary shares of Rs.100/-each

Issued, subscribed and paid up capital

350,000 ordinary shares of Rs.100/ each fully paid in cash

Unappropriated profit

Non-current liability

Loan from Directors

Current liabilities

Trade and other payables

Contingencies and commitments

Total equity and liabilities

ASSETS

Non-current assets

Property and equipment

Intangible assets

Long term deposits

Current assets

Short term investment

Trade debts

Deposits and other receivables

Income tax refundable

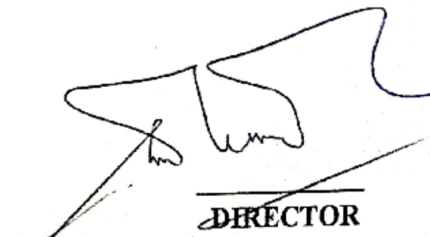
Cash and bank balances

Total assets

Note	2020	2019
	Rupees	
	<u>100,000,000</u>	<u>100,000,000</u>
	<u>35,000,000</u>	<u>35,000,000</u>
	<u>156,730,899</u>	<u>155,981,081</u>
	<u>191,730,899</u>	<u>190,981,081</u>
4	64,900,000	64,900,000
5	101,151,246	75,112,692
6	-	-
	<u>357,782,145</u>	<u>330,993,773</u>
7	<u>3,523,803</u>	<u>3,931,984</u>
8	<u>3,500,000</u>	<u>3,500,000</u>
9	<u>6,550,000</u>	<u>6,550,000</u>
	<u>13,573,803</u>	<u>13,981,984</u>
10	<u>65,244,592</u>	<u>104,788,733</u>
11	<u>73,086,671</u>	<u>50,359,489</u>
12	<u>8,254,520</u>	<u>51,798,670</u>
13	<u>29,090,616</u>	<u>30,420,907</u>
14	<u>168,531,943</u>	<u>79,643,990</u>
	<u>344,208,342</u>	<u>317,011,789</u>
	<u>357,782,145</u>	<u>330,993,773</u>

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


CHIEF EXECUTIVE

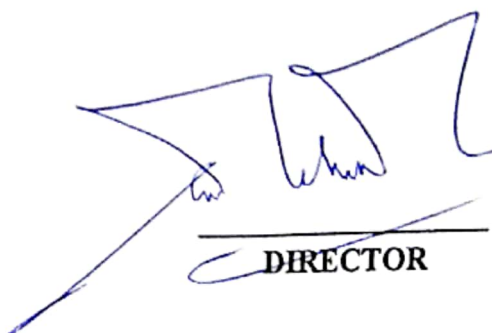

DIRECTOR

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

	2020	2019
Note	Rupees	
Commission, dividend and other revenue	15 20,362,194	24,378,163
Depreciation / appreciation in fair value of short term investments	(6,524,653)	(16,705,460)
Capital gain on sale of investments	<u>(162,603)</u>	<u>2,731,114</u>
	<u>13,674,938</u>	<u>10,403,817</u>
Administrative expenses	16 (23,823,739)	(20,144,743)
Finance costs	17 (761,211)	(148,635)
	<u>(24,584,950)</u>	<u>(20,293,378)</u>
Other income	18 14,842,175	18,507,369
Profit before taxation	<u>3,932,163</u>	<u>8,617,808</u>
Taxation	19 (3,182,345)	(8,944,799)
Loss / profit after taxation	<u><u>749,818</u></u>	<u><u>(326,991)</u></u>

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


CHIEF EXECUTIVE

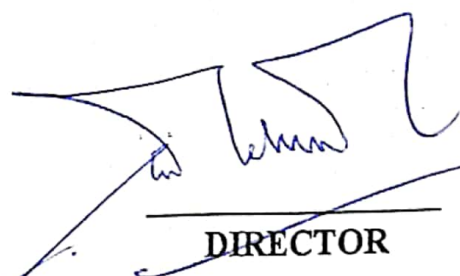

DIRECTOR

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

	2020	2019
	Rupees	
(Loss) / profit after taxation	749,818	(326,991)
<i>Other comprehensive income</i>		
Unrealised loss on remeasurement of investments during the year	-	-
Total comprehensive loss for the year	<u>749,818</u>	<u>(326,991)</u>

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


CHIEF EXECUTIVE

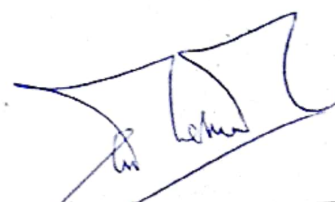

DIRECTOR

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

	Issued, subscribed and paid up capital	Unappropriated profits	Surplus on remeasurement of investments	Total
	Rupees			
Balance as at July 1, 2018 (as previously reported)	35,000,000	139,835,523	15,462,182	190,297,705
Effect of adoption of new accounting standards (Note 3.2)	-	16,472,549	(15,462,182)	-
Balance as at July 01, 2018 (restated)	35,000,000	156,308,072	-	190,297,705
Less after taxation for the year 2019	-	(326,991)	-	(326,991)
Balance as at June 30, 2019	<u>35,000,000</u>	<u>155,981,081</u>	<u>-</u>	<u>189,970,714</u>
Profit (loss) after taxation for the year 2020	-	749,818	-	749,818
Balance as at June 30, 2020	<u>35,000,000</u>	<u>156,730,899</u>	<u>-</u>	<u>190,720,532</u>

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


 CHIEF EXECUTIVE

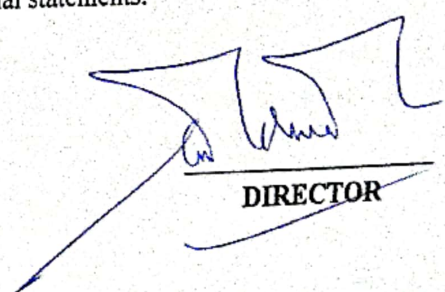

 DIRECTOR

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

	2020	2019
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,932,163	8,617,808
Adjustments for :		
- Depreciation	647,490	686,400
- Finance cost	761,211	148,635
- Diminution / (appreciation) in fair value of short term investments	6,524,653	16,705,460
- Provision / (Reversal) of loss allowance on trade debts	215,886	(2,731,114)
- Capital gain on sale of investments	162,603	(333,161)
	<u>8,311,843</u>	<u>14,476,220</u>
Operating profit before working capital changes	12,244,006	23,094,028
Change in working capital:		
(Increase) / decrease in current assets		
- Trade debts	(22,943,068)	24,165,913
- Deposits and other receivables	43,544,150	78,324,630
	<u>20,601,082</u>	<u>102,490,543</u>
Increase / (decrease) in current liabilities		
- Trade and other payables	26,038,554	(166,142,870)
Cash (used in) / generated from operations	<u>58,883,642</u>	<u>(40,558,299)</u>
Financial charges paid	(761,211)	(148,635)
Income tax paid	(1,852,054)	(8,987,916)
Net cash (used in) / generated from operating activities	<u>56,270,377</u>	<u>(49,694,850)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) / sale of investments - net	32,856,886	(67,461,290)
Long term deposits - net	-	100,000
Fixed capital expenditure	(239,310)	(469,350)
Net cash (used in) / generated from investing activities	<u>32,617,576</u>	<u>(67,830,640)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash (used in) / generated from financing activities	<u>-</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents	88,887,953	(117,525,490)
Cash and cash equivalents at beginning of the year	79,643,990	197,169,480
Cash and cash equivalents at end of the year	<u>168,531,943</u>	<u>79,643,990</u>

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


CHIEF EXECUTIVE


DIRECTOR

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

STATUS AND NATURE OF BUSINESS

- 1 Bawa Securities (Private) Limited (the Company) incorporated in Pakistan as a private limited company under the repealed Companies Ordinance, 1984 on April 28, 2008. The Company is a TREC holder of Pakistan Stock Exchange Limited. The principal business of the Company is brokerage, investments and trading of securities. The registered office of the Company is located at room No. 432 and 433, 4th Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi. The Company has also acquired the membership of Pakistan Mercantile Exchange Limited.

IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

- 1.1 On 30 January 2020, the World Health Organization (WHO) declared the outbreak a "Public Health Emergency of International Concern" and on 11 March 2020, the WHO declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, have taken stringent steps to help contain further spread of the virus. While these events and conditions have resulted in general economic uncertainty, management has evaluated the impact of COVID-19 and concluded that there are no material implications of COVID-19 on the operations of the Company that require specific disclosure in the financial statements. Neither the Company operations were significantly effected due to COVID-19 during the year nor is expected to be adversely affected in the near future. Further, COVID-19 has no impact on the presented amounts and disclosures.

BASIS OF PREPARATION

- 2 **Statement of compliance**
- 2.1 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 such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 **Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for equity investments which are stated at fair value.

2.3 **Functional and presentation currency**

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

4 **Use of estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are involved or where judgment was exercised in application of accounting policies are as follows:

- Useful lives and residual values of property and equipment.
- Provision for taxation.

2.5 New Accounting Pronouncements

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

The Company has adopted the following amendments, interpretations and improvements to International Financial reporting standards (IFRS) which became effective during the year,

New standards and amendments

- IFR Prepayment features with negative compensation (Amendment)
- IFR Regulatory deferral accounts
- IFR Leases
- IFR COVID 19 related rent concessions (Amendments)
- IFR Plan amendment, curtailment or settlement (Amendments)
- IFR Long term interest in associate and joint ventures (Amendments)
- IFR Uncertainty over income tax treatments

Improvement to accounting standards issued by IASB (2015-17 cycle)

- IFRS 03 Business combination - Previously held interest In a joint operation
- IFRS 11 Joint arrangements - Previously held interest In a joint operation
- IAS 12 Income taxes - Income tax consequence of payments on financial instruments classified as equity
- IAS 23 Borrowing cost - borrowing cost eligible for capitalisation

The adoption of the above standards, amendments and improvement to accounting standards did not have any material effect on the Company's financial statements.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards and amendments with respect to the accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard and amendment:

Amendments to IFRS 3, 'Business Combinations'	January 01, 2020
Amendments to IAS 1, 'Presentation of financial statements	January 01, 2020
Amendments to IAS 8, 'Accounting policies, change in estimate and error	January 01, 2020
Amendments to IFRS 9 and 7 'Financial Instruments' - Disclosures	January 01, 2020
Amendments to IFRS 16, 'Leases'	June 01, 2020
IFRS 17, 'Insurance Contracts'	January 01, 2023
Amendments to IAS 16, 'Property, plant and equipments	January 01, 2022
Amendments to IAS 37, 'Provisions, Contingent liabilities and assets	January 01, 2022

The above standards and amendments are not expected to have any material impact on the Company's financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3

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

3.1 Property and equipment

3.1

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs incurred on qualifying assets.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit and loss account during the year in which they are incurred.

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

Depreciation is charged to the statement of profit or loss applying the reducing balance method. Depreciation is charged when the asset is available for use till the asset is disposed off.

3.2 Intangible assets

3.2

An intangible asset is recognised as an asset if it is probable that the economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Trading Rights Entitlement (TRE) Certificate / Membership card of Pakistan Mercantile Exchange

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.3 Financial instruments

3.3.1 Classification and initial measurement

The Company classifies its financial instruments in the following categories:

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

a) Financial assets measured at amortized cost

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

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



b) *Financial assets at FVOCI*

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

- (a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or
- (b) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company to at initial recognition.

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

c) *Financial assets at FVTPL*

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

Such financial assets are initially measured at fair value.

3.3.2 *Subsequent measurement*

(a) *Financial assets measured at amortized cost*

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

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

(b) *Financial assets at FVOCI*

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

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

(c) *Financial assets at FVTPL*

These assets are subsequently measured at fair value.

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

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3.3.3 *Impairment*

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

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

3.3.4 *De-recognition*

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

3.3.5 *Financial liabilities*

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

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

3.3.6 *Offsetting of financial assets and financial liabilities*

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

3.4 *Trade debts and other receivables*

Trade debts and other receivables are carried at their initial transaction price less the lifetime expected credit loss allowance.

3.5 *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.

3.6 *Cash and cash equivalents*

Cash and cash equivalents are carried at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and bank balances.

7 *Share capital*

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

M

8 Borrowings

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

0 Taxation

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

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using enacted or substantially enacted at the reporting date and after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

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

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

M

3.11 Provisions

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

3.12 Related party transactions

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

3.13 Revenue recognition

Revenue from trading activities

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

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

Dividend income

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income. Dividends are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

Interest income

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

Borrowing costs

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

LOAN FROM DIRECTORS

This represents unsecured, interest free loan provided by Directors of the Company. The loan is for a long term period which is renewable/extendable upon the discretion of the Directors of the Company.

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TRADE AND OTHER PAYABLES

Creditors
Payable to clients against DFCs
Accrued expenses
Sindh Sales Tax payable
Workers' Welfare Fund payable
Bills payable

	2020	2019
	Rupees	
	97,124,760	69,824,354
	1,428,091	3,525,597
	940,268	382,197
	746,617	435,261
	446,805	446,805
	464,705	498,478
	<u>101,151,246</u>	<u>75,112,692</u>

CONTINGENCIES AND COMMITMENTS

As of the reporting date, no material contingencies and commitments were known to exist.

PROPERTY AND EQUIPMENT

As at July 01, 2018

	Offices at PSX	Furniture & fixture	Electric Equipments	Vehicles	Computer	Total
Cost	3,293,000	759,930	1,152,174	400,000	4,682,281	10,287,385
Accumulated depreciation	(637,494)	(600,050)	(779,835)	(391,894)	(3,729,079)	(6,138,352)
Net book value	<u>2,655,506</u>	<u>159,880</u>	<u>372,339</u>	<u>8,106</u>	<u>953,202</u>	<u>4,149,033</u>

Year ended June 30, 2019

Opening net book value	2,655,506	159,880	372,339	8,106	953,202	4,149,033
Additions during the year	-	-	28,200	-	441,151	469,351
Depreciation for the year	(265,551)	(15,988)	(37,831)	(1,621)	(365,409)	(685,400)
Closing net book value	<u>2,389,955</u>	<u>143,892</u>	<u>362,708</u>	<u>6,485</u>	<u>1,028,944</u>	<u>3,931,984</u>

As at June 30, 2019

Cost	3,293,000	759,930	1,180,374	400,000	5,123,432	10,756,736
Accumulated depreciation	(903,045)	(616,038)	(817,666)	(393,515)	(4,094,488)	(6,824,752)
Net book value	<u>2,389,955</u>	<u>143,892</u>	<u>362,708</u>	<u>6,485</u>	<u>1,028,944</u>	<u>3,931,984</u>

Year ended June 30, 2020

Opening net book value	2,389,955	143,892	362,708	6,485	1,028,944	3,931,984
Additions during the year	-	-	120,000	-	119,310	239,310
Depreciation for the year	(238,995)	(14,389)	(59,071)	(1,297)	(333,738)	(647,490)
Closing net book value	<u>2,150,960</u>	<u>129,503</u>	<u>423,637</u>	<u>5,188</u>	<u>814,516</u>	<u>3,523,804</u>

As at June 30, 2020

Cost	3,293,000	759,930	1,300,374	400,000	5,242,742	10,996,046
Accumulated depreciation	(1,142,040)	(630,427)	(876,737)	(394,812)	(4,428,226)	(7,472,242)
Net book value	<u>2,150,960</u>	<u>129,503</u>	<u>423,637</u>	<u>5,188</u>	<u>814,516</u>	<u>3,523,804</u>

Rate of depreciation

10%	10%	10%	20%	30%
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Note 2020 2019
Rupees

INTANGIBLE ASSETS

Trading Rights Entitlement (TRE) Certificate - PSX
Trading license - PMEX

8.1	2,500,000	2,500,000
	1,000,000	1,000,000
	<u>3,500,000</u>	<u>3,500,000</u>

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

LONG TERM DEPOSITS		2020	2019
		Rupees	
9	Deposit placed with		
	Pakistan Stock Exchange Limited - DFCs	1,000,000	1,000,000
	Pakistan Stock Exchange Limited - Basic deposit	200,000	200,000
	National Clearing Company of Pakistan Limited - Basic deposit	200,000	300,000
	Pakistan Mercantile Exchange Limited - Basic deposit	5,150,000	5,150,000
		<u>6,550,000</u>	<u>6,650,000</u>
10	SHORT TERM INVESTMENTS -		
	At fair value through profit or loss		
	Investment in quoted securities	<u>65,244,592</u>	<u>104,788,733</u>

10.1 Details of shares pledged

	2020		2019	
	No of shares pledged	Value of shares pledged	No of shares pledged	Value of shares pledged
<i>Pledge with Banks</i>				
Clients	1,129,500	38,124,310	3,898,000	80,641,855
Brokerage house	-	-	-	-
<i>Pledge with PSX / NCCPL</i>				
Clients	124,000	4,589,290	325,500	17,058,705
Brokerage house	3,052,500	42,306,400	906,500	16,680,530

TRADE DEBTS		2020	2019
		Rupees	
1	Receivable under ready market	11,904,010	3,563,959
	Receivable under Margin Financing - considered good and secured	61,182,661	46,795,530
		<u>73,086,671</u>	<u>50,359,489</u>
1	Receivable under ready market		
	Considered good, secured	10,776,368	2,220,431
	Considered doubtful, unsecured	3,245,739	3,245,739
		14,022,107	5,466,170
	Less: Provision for doubtful debts	(2,118,097)	(1,902,211)
		<u>11,904,010</u>	<u>3,563,959</u>
1.1	Movement in provision for doubtful trade debts		
	Balance at the beginning of the year (as previously reported)	1,902,211	3,245,739
	Add: Effect of application of IFRS 9	-	(1,010,367)
	Balance at the beginning of the year (restated)	1,902,211	2,235,372
	Charged during the year	215,886	-
	Reversed during the year	-	(333,161)
	Balance at the end of the year	<u>2,118,097</u>	<u>1,902,211</u>

The Company holds equity securities with fair value amounting to Rs. 187.74 million (2019: Rs. 270.046 million) as collateral against receivables under ready market and Margin Financing.

NA

	2020	2019
	Rupees	
DEPOSITS AND OTHER RECEIVABLES		
Deposits places with Pakistan Stock Exchange Limited:		
- exposure against DFCs	1,000,000	35,000,000
- profit withheld against DFCs	77,325	14,598,670
- loss deposited against DFCs	477,195	-
- Others	6,500,000	2,000,000
Stock index future contract - exposure deposit	200,000	200,000
	<u>8,254,520</u>	<u>51,798,670</u>
INCOME TAX REFUNDABLE		
Opening balance	30,420,907	30,377,790
Provision for taxation - current	(3,182,345)	(6,819,096)
Prior year	-	(2,125,703)
Tax paid during the year	1,852,054	8,987,916
	<u>29,090,616</u>	<u>30,420,907</u>
CASH AND BANK BALANCES		
Cash in hand	59,648	46,073
Cash at bank - current accounts	70,848,834	10,148,652
Cash at bank - saving account	97,623,461	69,449,265
	<u>168,531,943</u>	<u>79,643,990</u>
As of the reporting date, balances held in clients' accounts amounted to Rs. 97.623 million (2019: Rs.69.49 million).		
COMMISSION, DIVIDEND AND OTHER REVENUE		
Commission income	36,857,786	26,725,244
Less: Commission paid	(16,714,826)	(2,673,160)
	<u>20,142,960</u>	<u>24,052,084</u>
IPO commission	922	185
Dividend income	218,312	325,894
	<u>20,362,194</u>	<u>24,378,163</u>
ADMINISTRATIVE EXPENSES		
Salaries, benefits and allowances	14,365,840	9,822,186
Directors' remuneration	3,785,000	2,700,000
PSX and SECP rent, electricity and service charges	2,040,666	2,937,405
Rent, rates and taxes	-	50,600
Printing and stationery	110,192	105,463
Fees and subscription	294,594	1,994,461
Communication expenses	1,578,294	1,172,123
Auditors' remuneration - audit fee	325,200	275,000
Entertainment expense	236,460	220,765
Repair and maintenance	28,250	116,570
Depreciation	647,490	686,400
Legal and professional fee	111,320	-
Provision for doubtful receivables	215,886	-
Miscellaneous expenses	84,547	63,770
	<u>23,823,739</u>	<u>20,144,743</u>

	2020	2019
Note	Rupees	
FINANCE COSTS		
17 Bank charges	8,917	141,526
Mark up on short term financing	752,294	7,109
	<u>761,211</u>	<u>148,635</u>

17.1 This represents mark up on short term running finance facility obtained from M/s. MIB Bank Limited (formerly NIB Bank Limited). The limit of the financing facility is Rs. 100 million (2019: Rs. 100 million) and carries markup at 3 month KIBOR + 1.5% pa (2019: 3 month KIBOR + 1.5% pa).

	2020	2019
	Rupees	
OTHER INCOME		
18 Profit on bank saving account	9,813,667	10,316,855
Other income	424,820	1,378,566
Profit on cash margin from PSX	4,603,688	6,478,787
Provision for doubtful debts - net	-	333,161
	<u>14,842,175</u>	<u>18,507,369</u>

	2020	2019
TAXATION		
19 Current	3,182,345	6,819,096
Prior	-	2,125,703
	<u>3,182,345</u>	<u>8,944,799</u>

19.1 Relationship of tax expense with accounting profit		
Accounting profit before tax	<u>3,932,163</u>	<u>8,617,808</u>
Tax at the rate of 29% (2019: 29%)	1,140,327	2,499,164
Effect of income taxable under presumptive tax regime	-	4,319,932
Prior tax	-	2,125,703
	<u>3,182,345</u>	<u>8,944,799</u>

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

REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Total	
	2020	2019	2020	2019	2020	2019
	Rupees					
Managerial remuneration	1,892,500	1,350,000	1,892,500	1,350,000	3,785,000	2,700,000
	<u>1,892,500</u>	<u>1,350,000</u>	<u>1,892,500</u>	<u>1,350,000</u>	<u>3,785,000</u>	<u>2,700,000</u>
Number of persons	1	1	1	1	2	2

RELATED PARTY TRANSACTIONS AND BALANCES

21

Related parties comprise of major shareholders, key management personnel, directors of the Company and their close family members. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Transaction and balances with related parties has been disclosed in note 22 and note 5 to the financial statements.

FINANCIAL INSTRUMENTS

22

Financial risk management

22.1

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The carrying amount of financial assets represents the maximum credit exposure. Cash is held only with banks with high quality credit worthiness.

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

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

The maximum exposure to credit risk at the reporting date is as follows:

	2020	2019
	Rupees	
Long term deposits	6,550,000	6,550,000
Trade debts	73,086,671	50,359,489
Deposits and other receivables	8,254,520	51,798,670
Bank balances	168,472,295	79,597,917
	<u>256,363,486</u>	<u>188,306,076</u>

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

The Company held collaterals in respect of trade debts. The Company have trade receivable for which no loss allowance is recognised because of collaterals held. Cash is held with banks having satisfactory credit ratings

(ii) **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities and the Company could be required to pay its liabilities earlier than expected or face difficulty in raising funds to meet commitments. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The following are the contractual maturities of financial liabilities, including interest payments:

	2020			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial liabilities				
Loan from Directors	64,900,000	64,900,000	-	64,900,000
Trade and other payables	101,151,246	101,151,246	101,151,246	-
	<u>166,051,246</u>	<u>166,051,246</u>	<u>101,151,246</u>	<u>64,900,000</u>

	2019			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial liabilities				
Loan from Directors	64,900,000	64,900,000	-	64,900,000
Trade and other payables	75,112,692	75,112,692	75,112,692	-
	<u>140,012,692</u>	<u>140,012,692</u>	<u>75,112,692</u>	<u>64,900,000</u>

Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of currency risk, interest rate risk and price risk.

Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions denominated in foreign currencies. Currently, the Company is not exposed to currency risk since there are no foreign currency transactions and balances at the reporting date.

) **Interest rate risk**

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

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

	2020	2019	2020	2019
	Effective interest rate (%)		Carrying amounts (Rs.)	
Financial assets				
Bank deposits - PLS account	4.5% - 6%	7.5% - 9%	<u>97,623,461</u>	<u>69,449,265</u>
Financial liabilities				
Short term borrowings	3 Months KIBOR + 2%-2.5%		<u>-</u>	<u>-</u>

Sensitivity analysis

Fair value sensitivity

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

Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest / markup rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market. The Company exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 65.244 million (2019: Rs. 104.78 million) at the reporting date. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

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

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Sensitivity analysis

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

	Fair value	Hypothetical price change	Hypothetical increase / (decrease) in other comprehensive income
June 30, 2020	65,244,592	5% change	3,262,230
June 30, 2019	104,788,733	5% change	5,239,437

1.2 Financial instruments by category

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

	2020		
	Financial assets at amortised cost	At fair value through profit or loss	Financial liabilities at amortised cost
June 30, 2020			
<i>Financial assets</i>			
Long term deposits	6,550,000	-	-
Short term investment	65,244,592	65,244,592	-
Trade debts	73,086,671	-	-
Deposits and other receivables	8,254,520	-	-
Cash and bank balances	168,531,943	-	-
	<u>321,667,726</u>	<u>65,244,592</u>	<u>-</u>
<i>Financial liabilities</i>			
Loan from Directors	-	-	64,900,000
Trade and other payables	-	-	101,151,246
	<u>-</u>	<u>-</u>	<u>101,151,246</u>
	2019		
	Financial assets at amortised cost	At fair value through profit or loss	Financial liabilities at amortised cost
June 30, 2019			
<i>Financial assets</i>			
Long term deposits	6,550,000	-	-
Short term investment	104,788,733	104,788,733.00	-
Trade debts	50,359,489	-	-
Deposits and other receivables	51,798,670	-	-
Cash and bank balances	79,643,990	-	-
	<u>293,140,882</u>	<u>104,788,733</u>	<u>-</u>
<i>Financial liabilities</i>			
Loan from Directors	-	-	64,900,000
Trade and other payables	-	-	75,112,692
	<u>-</u>	<u>-</u>	<u>140,012,692</u>

22.3 Measurement of fair values

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

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

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

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

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

As at year end, all investments of the Company is in equity securities measured under level-1 of the fair value. Further, there are no transfers between different levels during the year.

23 CAPITAL ADEQUACY LEVEL AND CAPITAL RISK MANAGEMENT

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

23.1 Capital adequacy level

The Capital Adequacy Level as required by CDC is calculated as follows;

	2020	2019
	Rupees	
Total assets	357,782,145	330,993,773
Total liabilities	(166,051,246)	(140,012,692)
Revaluation reserve (created upon revaluation of fixed assets)	-	-
	<u>191,730,899</u>	<u>190,981,081</u>

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

Net capital balance

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

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The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows;

DESCRIPTION	VALUATION	RUPEES
CURRENT ASSETS		
Cash and Bank Balances	As per Book Value	176,509,138
Trade Receivables	Book Value less overdue for more than 14 days	30,083,100
Investment in listed securities in the name of broker.	Securities marked to market less 15% discount	33,044,466
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	34,222,303
Listed TFCs/Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan	Marked to market less 10% discount.	-
FIBs	Marked to market less 5% discount.	-
Treasury Bill	At market value	-
		<u>273,859,007</u>
CURRENT LIABILITIES		
Trade Payables	Book value less overdue for more than 30 days	62,676,832
Other Liabilities	As per Book values	38,474,414
		<u>101,151,246</u>
NET CAPITAL BALANCE AS AT JUNE 30, 2020		<u><u>172,707,761</u></u>

Notes to the Net Capital Balance

	Rupees
1 Cash and bank balances	
Cash in hand	59,648
Exposure deposit	7,977,195
Bank balance pertaining to clients	97,623,461
Bank balance pertaining to brokerage house	70,848,834
	<u>176,509,138</u>
2 Trade receivables	
<i>Trade receivables - Regular</i>	
Receivable balance	14,022,107
Less: overdue for more than 14 days	(12,266,664)
	<u>1,755,443</u>
<i>Trade receivables - Margin finance</i>	
Receivable balance	61,182,661
Less: overdue for more than 14 days	(32,855,004)
	<u>28,327,657</u>
3 Investment in Listed Securities in the name of broker	
Securities marked to market	38,875,842
Less 15%	(5,831,376)
	<u>33,044,466</u>
4 Securities purchased for client	
<i>Trade receivables - Regular</i>	
Overdue balance for more than 14 days	12,266,664
Lower of overdue balance and securities held against such balance	<u>1,367,299</u>
<i>Trade receivables - Margin finance</i>	
Overdue balance for more than 14 days	<u>32,855,004</u>
Lower of overdue balance and securities held against such balance	<u>32,855,004</u>
5 Trade payables	
Book value	97,124,760
Less: overdue for more than 30 days	(34,447,928)
	<u>62,676,832</u>
6 Other liabilities	
Creditors overdue for more than 30 days	34,447,928
Accrued Liabilities and Other Payables	4,026,486
	<u>38,474,414</u>

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13.3 Liquid capital balance

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

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1	Assets	3,523,803	100.00%	-
1.1	Property & Equipment	3,500,000	100.00%	-
1.2	Intangible Assets	-	-	-
1.3	Investment in Govt. Securities	-	-	-
1.4	Investment in Debt Securities	-	-	-
	If listed then:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	If unlisted then:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
1.5	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	38,875,842	6,072,885	32,802,957
	ii. If unlisted, 100% of carrying value.	-	100.00%	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	26,368,750	100.00%	-
1.6	Investment in subsidiaries	-	100.00%	-
1.7	Investment in associated companies/undertaking			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	6,550,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	8,254,520	-	8,254,520
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	-	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	-	-	-
	Receivables other than trade receivables	29,090,616	100.00%	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Receivables from clearing house or securities exchange(s)			
1.16	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	ii. Receivable on entitlements against trading of securities in all markets including MtM gains.	-	-	-
	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>i. Lower of net balance sheet value or value determined through adjustments.</i>	61,182,661	(18,080,407)	43,102,254
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>	-	5.00%	-
1.17	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i>	-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	1,612,503	-	1,612,503
	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. <i>v. Lower of net balance sheet value or value determined through adjustments</i>	12,409,604	(10,902,491)	1,507,113
	<i>vi. 100% haircut in the case of amount receivable from related parties.</i>	-	100.00%	-
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	70,848,834	-	70,848,834
	ii. Bank balance-customer accounts	97,623,461	-	97,623,461
	iii. Cash in hand	59,648	-	59,648
1.19	Total Assets	359,900,242		255,811,290

2. Liabilities				
	Trade Payables			
2.1	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	97,124,760	-	97,124,760
	Current Liabilities			
2.2	i. Statutory and regulatory dues	1,193,422	-	1,193,422
	ii. Accruals and other payables	2,833,064	-	2,833,064
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	2,118,097	-	2,118,097
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Non-Current Liabilities			
	i. Long-Term financing			
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from	-	-	-
	a financial institution including amount due against finance lease	-	-	-
	b. Other long-term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if:			
2.3	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.			
	iv. Other liabilities as per accounting principles and included in the financial statements			
	Subordinated Loans			
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified:			
2.4	a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period	64,900,000	-	-
	b. No haircut will be allowed against short term portion which is repayable within next 12 months.			
	c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.			
	ii. Subordinated loans which do not fulfill the conditions specified by SECP			
2.5	Total Liabilities	168,169,343	-	103,269,343
3. Ranking Liabilities Relating to :				
	Concentration in Margin Financing			
3.1	The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.		42,788,616	42,788,616
	Concentration in securities lending and borrowing			
	The amount by which the aggregate of:			
3.2	(i) Amount deposited by the borrower with NCCPL			
	(ii) Cash margins paid and			
	(iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed			
	Net underwriting Commitments			
	(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:			
3.3	(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			
	(b) in any other case : 12.5% of the net underwriting commitments			

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
	Negative equity of subsidiary			
3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
	Foreign exchange agreements and foreign currency positions			
3.5	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
	Repo adjustment			
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying 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.	-	-	-
	Concentrated proprietary positions			
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	4,380,489	4,380,489
	Opening Positions in futures and options			
3.9	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	-	-	-
	Short sell positions			
3.10	i. In case 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. In case 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	-	47,169,105	47,169,105
		191,730,899	Liquid Capital	105,372,842

PATTERN OF SHAREHOLDING

Name of shareholders	2020		2019	
	Shares held	% of holding	Shares held	% of holding
Muhammad Hanif Bawa	140,000	40%	140,000	40%
Muhammad Rafiq Bawa	122,500	35%	122,500	35%
Seema Yousuf	35,000	10%	35,000	10%
Yasmin Rafiq	35,000	10%	35,000	10%
Muhammad Iqbal Bawa	17,500	5%	17,500	5%
	350,000	100%	350,000	100%

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

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NUMBER OF EMPLOYEES

2020 2019
————— Number —————

Total number of employees as at June 30,

25 25

Average number of employees during the year

26 26

CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation.

DATE OF AUTHORIZATION FOR ISSUE

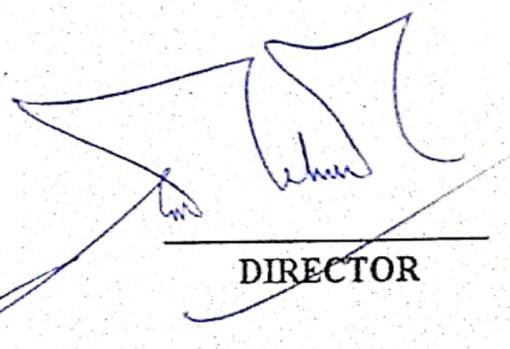
The financial statements were approved by the Board of Directors of the Company in their meeting held on 05 OCT 2020.

GENERAL

Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



DIRECTOR