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Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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

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

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

Plot No. 180, Block-A, S.M.C.H.S.
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INDEPENDENT AUDITORS' REPORT

To the members of Friendly Securities (Private) Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Friendly 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 loss, total 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.

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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Rahman Sarfaraz Rahim Iqbal Rafiq
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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

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

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

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

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

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

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: 05 OCT 2020

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

	Notes	**2020**	2019
		Rupees	
ASSETS			
Non-current assets			
Property and equipment	*4*	**485,810**	522,674
Intangible assets	*5*	**2,750,000**	2,750,000
Long term deposits	*6*	**4,854,300**	4,854,300
		8,090,110	8,126,974
Current assets			
Trade debts	*7*	**63,506,144**	7,340,429
Short term investment	*8*	**-**	77,674,012
Taxation-net	*9*	**6,295,378**	8,336,360
Advances, deposits and other receivables	*10*	**682,426**	1,017,253
Cash and bank balances	*11*	**61,466,721**	3,664,141
		131,950,669	98,032,195
Total assets		**140,040,779**	106,159,169
EQUITIES AND LIABILITIES			
Capital and reserve			
Authorized capital			
7,500,000 (2019: 7,500,000) ordinary shares of Rs. 100/ each		**75,000,000**	75,000,000
Issued, subscribed and paid up capital		**75,000,000**	75,000,000
7,500,000 (2019: 7,500,000) ordinary shares of Rs. 100/ each fully paid in cash	*12*		
Unappropriated profit		**35,482,237**	21,883,705
		110,482,237	96,883,705
Current liabilities			
Trade and other payables	*13*	**29,532,628**	4,411,957
Accrued markup		**25,914**	2,568,372
Short term borrowing	*14*	**-**	2,295,135
		29,558,542	9,275,464
Contingencies and Commitment	*15*	**-**	-
Total equities and liabilities		**140,040,779**	106,159,169

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

CHIEF EXECUTIVE

DIRECTOR

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

	Notes	2020	2019
		Rupees	
Operating revenue	*16*	**12,739,094**	19,619,565
Capital (loss) / gain on disposal of investments	*17*	**8,972,379**	(26,992,115)
Net unrealized loss on remeasurement of short term investments to fair value		**(3,136,431)**	(19,047,582)
		5,835,948	(46,039,697)
		18,575,042	(26,420,132)
Administrative expenses	*18*	**(6,833,398)**	(12,530,373)
Operating (loss) / income		**11,741,644**	(38,950,505)
Finance cost	*19*	**(853,087)**	(7,903,431)
Other income	*20*	**5,346,518**	2,655,485
Profit / (loss) before taxation		**16,235,075**	(44,198,451)
Taxation	*21*	**(2,636,543)**	(1,053,927)
Profit / (loss) after taxation		**13,598,532**	(45,252,378)

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

CHIEF EXECUTIVE **DIRECTOR**

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

	2020	2019
	Rupees	
Profit / (loss) after taxation	**13,598,532**	(45,252,378)
Other comprehensive (loss) / income		
Items that will not be subsequently be reclassified to profit or loss	**-**	-
Total comprehensive income / (loss) for the year	**13,598,532**	(45,252,378)

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

CHIEF EXECUTIVE

DIRECTOR

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

	Issued, subscribed & paid up capital	Unappropriated profit	Surplus on revaluation of Available-for-sale investment	Total
	Rupees			
Balance as at July 01, 2018	75,000,000	48,722,519	18,413,564	142,136,083
Loss after taxation	-	(45,252,378)	-	(45,252,378)
Other comprehensive income	-	18,413,564	(18,413,564)	-
Balance as at June 30, 2019	75,000,000	21,883,705	-	96,883,705
Balance as at July 01, 2019	**75,000,000**	**21,883,705**	**-**	**96,883,705**
Profit after taxation	**-**	**13,598,532**	**-**	**13,598,532**
Balance as at June 30, 2020	**75,000,000**	**35,482,237**	**-**	**110,482,237**

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

CHIEF EXECUTIVE

DIRECTOR

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

	2020	2019
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	**16,235,075**	(44,198,451)
Adjustment for non-cash items		
- Depreciation	**153,279**	128,027
- Net unrealized loss on remeasurement of investments	**(5,835,948)**	45,372,107
- Finance cost	**853,087**	7,903,431
	(4,829,582)	53,403,565
	11,405,493	9,205,114
Changes in working capital		
(Increase) / decrease in current assets		
- Trade debts	**(56,165,715)**	66,114,626
- Advances, deposits and other receivables	**334,827**	28,747,273
	(55,830,888)	94,861,899
Increase /(decrease) in current liabilities		
- Trade and other payables	**25,120,671**	(4,466,621)
Cash flow from operating activities	**(19,304,724)**	99,600,392
Finance cost paid	**(3,395,545)**	(7,574,435)
Income tax paid	**(595,562)**	(3,461,564)
Net cash (used in) / generated from operating activities	**(23,295,831)**	88,564,393
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property & equipment	**(116,415)**	(94,050)
Purchase / sale of investments - net	**83,509,960**	22,990,827
Net cash generated from investing activities	**83,393,545**	22,896,777
Net increase in cash and cash equivalents	**60,097,714**	111,461,170
Cash and cash equivalents at beginning of the year	**1,369,006**	(110,092,165)
Cash and cash equivalents at end of the year	**61,466,721**	1,369,006

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

CHIEF EXECUTIVE **DIRECTOR**

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

1 STATUS AND ACTIVITIES

1.1 Friendly Securities (Private) Limited ('the Company') was incorporated as a private limited company in Pakistan on 20 November 2000 under the Companies Ordinance, 1984 (now superseded by the Companies Act, 2017 which was enacted in May, 2017). The Company is a corporate member of Pakistan Stock Exchange. The principal business of the Company is investments and trading of securities. The registered office of the company is located at Room No. 128-129, 3rd Floor, Pakistan Stock Exchange Building. The Company has also acquired the membership of Pakistan Mercantile Exchange Limited.

1.2 Impact of COVID-19 on these financial statements

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020 in line with the government directives. This situation posed a range of business and financial challenges to business globally and across various sectors including financial markets in Pakistan. The management had analysed the events as these are indicative of conditions for a review of recoverable amounts of assets of the Company and consequently concluded that there is no significant change in recoverable amounts of Company's assets at the reporting date. Further, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period also.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards 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 long and short term 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.

2.4 **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:

- Provision for taxation
- Provision for doubtful trade receivables

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**

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates (except for those disclosed in note 3 to these financial statements) were not considered to be relevant to the Company's financial reporting, the same have not been disclosed here.

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:

	Effective date
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.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

3.1 **Property and equipment**

Items of property and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs.

Where major components of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Subsequent costs are included in the carrying amount or recognised as separate asset, 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 derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Disposal of an item of property and equipment is recognised when significant risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expenses/income' in the profit and loss account.

Depreciation is charged to profit and loss account using reducing balance method whereby the cost of the asset less its estimated residual value is written off over the estimated useful life. Depreciation on additions is charged from the day when asset is available for use till the date of disposal.

3.2 Intangible assets

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 Limited

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

3.3 Impairment of non-financial assets

Assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

3.4 Financial assets

3.4.1 ***Classification and initial measurement***

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

(a) financial assets measured at amortized cost.
(b) fair value through other comprehensive income (FVOCI);
(c) fair value through profit or loss (FVTPL); and

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

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(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

(b) it is an investment in equity instrument which is designated as at fair value through

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.

3.4.2 *Subsequent measurement*

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

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

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

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

3.4.3 *Impairment*

The Company's financial assets that are subject to the impairment provisions of IFRS 9 include long term deposits, trade receivables and short term advances and deposits.

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 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.

3.4.4 *De-recognition*

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

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

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.

3.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously.

3.7 Trade debts

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

3.8 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash in hand, balance with banks and bank overdrafts / short term borrowings, if any.

3.9 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.

3.10 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.

3.11 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

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

Deferred

Deferred tax is recognised using balance sheet liability method, providing for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the 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 recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. 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 benefit will be realized.

3.12 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 reporting date and adjusted to reflect current best estimate.

3.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognised on the following basis:

- Brokerage commission income is recognised as and when such services are provided.
- Income from bank deposits is recognised at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.

3.14 Borrowing costs

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

4 PROPERTY AND EQUIPMENT

	Office and Booths	Furniture & fixture	Motor & Vehicle	Office Equipments	Computer	Total
	----------	----------	----------	Rupees ----------	----------	----------
As at June 30, 2018						
Cost	2,620,468	3,210,519	33,500	416,771	2,969,103	9,250,361
Accumulated depreciation	(2,620,468)	(3,153,260)	(20,465)	(323,283)	(2,576,234)	(8,693,710)
Net book value	-	57,259	13,035	93,488	392,869	556,651
Movement during the year ended 30 June, 2019						
Opening net book value	-	57,259	13,035	93,488	392,869	556,651
Additions / transfers during the year (refer note 3.1)	-	-	-	-	94,050	94,050
Depreciation for the year	-	(8,589)	(2,607)	(14,023)	(102,808)	(128,027)
Closing net book value	-	48,670	10,428	79,465	384,111	522,674
As at June 30, 2019						
Cost	2,620,468	3,210,519	33,500	416,771	3,063,153	9,250,361
Accumulated depreciation	(2,620,468)	(3,161,849)	(23,072)	(337,306)	(2,679,042)	(8,693,710)
Net book value	-	48,670	10,428	79,465	384,111	522,674
Movement during the year ended 30 June, 2020						
Opening net book value	-	48,670	10,428	79,465	384,111	522,674
Additions during the year	-	-	-	-	116,415	116,415
Depreciation for the year		(7,301)	(2,086)	(11,920)	(131,972)	(153,279)
Closing net book value	-	41,369	8,342	67,545	368,554	485,810
As at June 30, 2020						
Cost	2,620,468	3,210,519	33,500	416,771	3,179,568	9,460,826
Accumulated depreciation	(2,620,468)	(3,169,150)	(25,158)	(349,226)	(2,811,014)	(8,975,016)
Net book value	-	41,369	8,342	67,545	368,554	485,810
	5%	**15%**	**20%**	**15%**	**30%**	

5 INTANGIBLE ASSETS

	Note	2020	2019
		Rupees	
Trading Rights Entitlement (TRE) Certificate			
Cost		4,085,425	4,085,425
Less: Accumulated Impairment		(1,585,425)	(1,585,425)
	5.1	2,500,000	2,500,000
Pakistan Mercantile Exchange Limited	*5.2*	250,000	250,000
		2,750,000	2,750,000

5.1 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. This has been carried at cost less impairment.

5.2 This represents cost of membership card of Pakistan Mercantile Exchange Limited with indefinite useful life.

	2020	2019
6 LONG TERM DEPOSIT	Rupees	
Pakistan Stock Exchange Limited	**200,000**	200,000
Central Depository Company	**100,000**	100,000
PMEX deposit	**750,000**	750,000
NCCPL Future Basic Deposit	**1,000,000**	1,000,000
Office deposit (NCEL)	**2,500,000**	2,500,000
National Clearing Company	**300,000**	300,000
Warid Telecom	**2,300**	2,300
Deposit to supplier of water	**2,000**	2,000
	4,854,300	4,854,300

	2020	2019
7 TRADE DEBTS		
Trade debts - considered good	**63,506,144**	7,340,429

7.1 This includes receivable from related parties amounting to Rs.62.8 million (2019: Rs. 7.22 million).

7.2 The Company holds equity securities with fair value amounting to Rs.56.38 million (2019: Rs. 7.21 million) as collateral against receivables under ready market.

	2020	2019
	Rupees	
8 SHORT TERM INVESTMENTS		
-At fair value through profit and loss		
Quoted equity shares		
Cost of investments	-	74,537,581
Surplus on remeasurement of investments	-	3,136,431
	-	77,674,012

8.1 Fair value of securities pledged with bank, PSX and NCCPL was as follows

	2020		2019	
	No of shares pledged	**Value of shares pledged Rupees**	No of shares pledged	Value of shares pledged Rupees
Pledge with Banks				
Clients	-	-	212,080	12,371,677
Brokerage house	10,000	904,800	575,300	37,224,068
Pledge with PSX / NCCPL				
Clients	2,019,922	65,437,837	205,500	2,786,185
Brokerage house	-	-	498,000	9,782,580

	2020	2019
	Rupees	
9 TAXATION-NET		
Opening balance	**8,336,360**	5,928,724
Tax deducted at source during the year	**595,561**	3,461,563
Less: Provision for taxation for the year	**(2,636,543)**	(1,053,927)
	6,295,378	8,336,360

		2020	2019
		Rupees	
10	**ADVANCE, DEPOSITS AND OTHER RECEIVABLES**		
	Advance to staff	**45,000**	-
	Deposits		
	Deposit with PSX against Base Minimum Capital	-	500,000
	Margin deposit with NCCPL against future market	-	235,147
		-	735,147
	Receivables		
	Accrued Income	**167,562**	-
	Receivable from NCCPL against profit held on futures market deals	**469,864**	282,106
		637,426	282,106
		682,426	1,017,253

		2020	2019
11	**CASH AND BANK BALANCES**		
	Cash in hand	**5,000**	5,000
	Cash at bank	**61,461,721**	3,659,141
		61,466,721	3,664,141

11.1 This includes a balance of Rs. 28.7 million (2019: Rs. 3.60 million) held in a separate bank account designated to clients.

12 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

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

12.2 As of reporting date, the pattern of shareholding was as follows:

	2020		2019	
Name of shareholders	**Shares held**	**% of holding**	Shares held	% of holding
Mr.Tariq Janoo	**4,928,250**	**65.71%**	**4,928,250**	**65.71%**
Mrs.Shehla Tariq	**2,571,000**	**34.28%**	**2,571,000**	**34.28%**
Mr.Jawad Janoo	**750**	**0.01%**	**750**	**0.01%**
Mr.Muhammad Azeem	-	**0.00%**	-	**0.00%**
	7,500,000	**100%**	7,500,000	100%

		2020	2019
		Rupees	
13	**TRADE AND OTHER PAYABLES**		
	Creditors	**28,772,295**	3,777,716
	Accrued expenses	**760,333**	634,241
		29,532,628	4,411,957

14 SHORT TERM BORROWING

This represents the short term running finance facility obtained M/s. JS Bank Limited under mark up arrangement with limit of Rs.200 million (2019: Rs. 200 million) for the purpose of clearing and obligation of clients' trades. Mark up payable is charge at 1-Month KIBOR + 2% (2019: 3 1-Month KIBOR + 2%). The arrangement is secured against personal guarantee of all directors and charge over the pledged shares.

15 CONTINGENCIES AND COMMITMENT

No contingencies and commitments existed at the balance sheet date (2019: None).

16 OPERATING REVENUE

	Note	2020	2019
		Rupees	
Commission income		**13,620,019**	22,726,706
Less: Commission expense		**(3,589,524)**	(7,116,509)
		10,030,495	15,610,197
Dividend income		**2,708,599**	4,008,962
Subscription commission income		**-**	406
		12,739,094	19,619,565

17 CAPITAL (LOSS) / GAIN ON DISPOSAL OF INVESTMENTS

	2020	2019
Capital (loss)/gain on ready market	**8,972,379**	(26,324,525)
Capital loss on future market	**-**	(667,590)
	8,972,379	(26,992,115)

18 ADMINISTRATIVE EXPENSES

	Note	2020	2019
Salaries, benefits and allowances		**1,942,500**	2,670,082
Director remuneration	*18.1*	**200,000**	2,400,000
PSX rent, electricity and service charges		**2,973,630**	2,873,149
Printing and stationery		**33,070**	54,245
Fees and subscription		**758,646**	311,676
Software expenses		**287,250**	219,280
Traveling and conveyance expenses		**13,200**	26,870
Audit fees		**300,000**	250,000
Entertainment expense		**98,675**	116,106
Repair and maintenance		**-**	30,250
Miscellaneous expense		**73,148**	3,450,688
Depreciation		**153,279**	128,027
		6,833,398	12,530,373

18.1 Directors' Remuneration

	Chief Executive		Directors		Total	
	2020	2019	**2020**	2019	**2020**	2019
	Rupees					
Managerial remuneration	**100,000**	1,200,000	**100,000**	1,200,000	**200,000**	2,400,000
	100,000	1,200,000	**100,000**	1,200,000	**200,000**	2,400,000
Number of persons	**1**	1	**1**	1	**2**	2

19 FINANCE COST

	2020	2019
	Rupees	
Markup on short term borrowing	**615,381**	7,607,091
Bank charges and commission	**237,706**	296,340
	853,087	7,903,431

		2020	2019
20	**OTHER INCOME**	Rupees	
	Profit on cash margin	**1,175,607**	1,222,456
	CDC transaction / custodian fee	**3,294,918**	995,210
	Profit on PLS account	**875,993**	437,819
		5,346,518	2,655,485
21	**TAXATION**		
	Current	**2,636,543**	1,053,927
21.1	**Relationship of tax expense with accounting profit**		
	Accounting (loss) / profit before tax	**16,235,075**	(44,198,451)
	Tax at applicable rate 29% (2019: 29%)	**4,708,172**	(12,817,551)
	Tax effect of income taxed under presumptive tax regime	**(379,203)**	14,432,731
	Tax effect of income exempt & taxed at lower rate	**(1,692,425)**	(561,253)
		2,636,544	1,053,927

21.2 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 the purpose of issuing an amended assessment order.

22 CASH AND CASH EQUIVALENT

As at the reporting date , cash and cash equivalents comprise as follows:

	2,020	2019
	Rupees	
Cash and bank balances	**61,466,721**	3,664,141
Short term borrowings	-	(2,295,135)
	61,466,721	1,369,006

23 RELATED PARTY TRANSACTIONS

Related parties comprise of directors, key management personnel and their close family members. Remuneration to key management personnel are in accordance with their terms of employment.

Details of transactions entered into and balances held with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2020	2019
Key management personnel and close family members	Rupees	
Receivable from director- Ms.Shehla Tariq		
Outstanding at year end	55,689,580	7,220,536
Receivable from director- Ms.Tariq Jano		
Outstanding at year end	7,109,793	-

The Company did not charge any commission from Ms.Shela Tariq on trades carried out through the Company.

24 FINANCIAL INSTRUMENTS

24.1 Financial instruments by category

	2020	2019
	Rupees	
Financial assets		
At fair value through profit and loss		
Short term investments	-	77,674,012
At amortized cost		
Long term deposits	**4,854,300**	4,854,300
Trade debts	**63,506,144**	7,340,429
Advances, deposits and other receivables	**682,426**	1,017,253
Cash and bank balances	**61,466,721**	3,664,141
	130,509,591	16,876,123
	130,509,591	94,550,135
Financial liabilities		
At amortised cost		
Trade and other payables	**29,532,628**	4,411,957
Accrued markup	**25,914**	2,568,372
Short term borrowing	-	2,295,135
	29,558,542	9,275,464

24.2 Financial risk analysis and management

The Company is exposed to a variety of financial risks. 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 Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. All related transactions are carried out within the parameters of these policies.

Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of three types of risks: foreign currency risk, price risk and interest rate risk. The market risks associated with the Company's business activities are discussed as under:

i) Currency risk

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

ii) **Price risk**

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market.

As of the reporting date, the Company was exposed to equity price risk since, as of that date (i) it had investments in quoted equity securities and (ii) it held collaterals in the form of equity shares in respect of trade receivables from clients. The Company manages the equity price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies which includes disposing of owned equity instruments and securities held as collateral before it led the Company to incur significant mark-to-market and credit losses.

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

Sensitivity analysis

The table below summarizes the Company's equity price risk as of June 30, 2020 and June 30, 2019 and shows the effects of a hypothetical 5% increase and a 5% decrease in market prices as at the reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

	Fair value	Hypothetical price change	Hypothetical increase (decrease) in profit before tax
June 30, 2020	**-**	**5% change**	**-**
June 30, 2019	77,674,012	5% change	3,883,701

iii) **Interest rate risk**

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

At 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 liabilities				
Short term borrowings		*3-Month KIBOR plus 2%*	-	2,295,135

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 any financial instrument.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, possibility of default by investors, and or failure of the financial markets, depositors, settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery. The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and other factors, and obtains necessary collaterals to reduce credit risks. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

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 carrying amount of financial assets represent the maximum credit exposure at the reporting date, which is detailed hereunder:

	Note	2,020	2019
		Rupees	
Long term deposits	*6*	**4,854,300**	4,854,300
Trade debts	*7*	**63,506,144**	7,340,429
Advances, deposits and other receivables	*10*	**682,426**	1,017,253
Bank balances	*11*	**61,461,721**	3,659,141
		130,504,591	16,871,123

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities:

	2020			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	(Rupees)			
Financial liabilities				
Trade and other payables	29,532,628	29,532,628	29,532,628	-
Accrued markup	25,914	25,914	25,914	
Short term borrowings	-	-	-	
	29,558,542	29,558,542	29,558,542	-

	2019			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	(Rupees)			
Financial liabilities				
Trade and other payables	4,411,957	4,411,957	4,411,957	-
Accrued markup	2,568,372	2,568,372	2,568,372	
Short term borrowings	2,295,135	2,295,135	2,295,135	
	9,275,464	9,275,464	9,275,464	-

24.3 Fair value hierarchy

The Company measures the fair value of its investments in equity instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

- Level 2 — inputs other than quoted prices included within 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 the reporting dates the fair value hierarchy of the Company's financial assets measured at fair value was as follows:

June 30, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
	Amount in Rupees			
Financial assets				
Long term investment	-			
Short term investments	-		-	-

June 30, 2019	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
Financial assets				
Long term investment	21,353,582			
Short term investments	124,683,364	-	-	124,683,364

25 CAPITAL 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. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders.

25.1 Capital Adequacy Level

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

	Note	**2020**	2019
		Rupees	
Total assets	*25.1*	**140,040,779**	106,159,169
Total liabilities		**(29,558,542)**	(9,275,464)
Revaluation reserve -created upon revaluation of fixed assets		-	-
		110,482,237	96,883,705

While determining the value of the total assets, notional value of the TRE Certificate as at June 30, 2019 as determined by Pakistan Stock Exchange has been considered.

25.2 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.

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	61,466,721
Trade Receivables	Book Value less overdue for more than 14 days	56,853,244
Investment in listed securities in the name of broker.	Securities marked to market less 15% discount	-
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	606
Listed TFCs/Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan	Marked to market less 10% discount.	-
FIBs	Marked to market les 5% discount.	-
Treasury Bill	At market value	-
		118,320,571
CURRENT LIABILITIES		
Trade Payables	Book value less overdue for more than 30 days	27,611,586
Other Liabilities	As per Book values	1,946,956
		29,558,542
NET CAPITAL BALANCE AS AT June 30, 2020		88,762,029

Notes to the statement

		Rupees
1	**Cash and bank balances**	
	Cash in hand	5,000
	Bank balance pertaining to clients	28,772,300
	Bank balance pertaining to brokerage house	32,689,421
		61,466,721
2	**Trade receivables**	
	Book value	63,506,143
	Less: overdue for more than 14 days	(7,122,763)
		56,383,380
	Balance against unsettled trade	469,864
		56,853,244
3	**Investment in Listed Securities in the name of broker**	
	Securities marked to market	-
	Less 15%	-
		-
4	**Securities purchased for client**	
	Overdue balance for more than 14 days	7,122,763
	Lower of overdue balance and securities held against such balance	606
5	**Trade payables**	
	Book value	28,772,295
	Less: overdue for more than 30 days	(1,160,709)
		27,611,586
6	**Other liabilities**	
	Creditors overdue for more than 30 days	1,160,709
	Accrued Liabilities and Other Payables	786,247
		1,946,956

25.3 Liquid capital balance

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

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	485,810	100.00%	-
1.2	Intangible Assets	2,750,000	100.00%	-
1.3	Investment in Govt. Securities	-	-	-
1.4	**Investment in Debt. Securities**			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
1.5	**Investment in Equity Securities**			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	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)	-	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.	2,350,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	-	-	-
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	2,504,300	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	45,000	-	45,000
	Receivables other than trade receivables	637,426	100.00%	-
1.16	**Receivables from clearing house or securities exchange(s)**	6,295,378	100.00%	-
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.		-	-
	Claims 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. Incase receivables are against margin trading, 5% of the net balance sheet value. *ii. Net amount after deducting haircut*	-	5.00%	-
	iii. Incase 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. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. *iv. Balance sheet value*	676,029		676,029
	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. *v. Lower of net balance sheet value or value determined through adjustments*	30,741	(12,363)	18,378
	vi. 100% haircut in the case of amount receivable form related parties.	62,799,373	100.00%	-
1.18	**Cash and Bank balances**			
	I. Bank Balance-proprietary accounts	32,689,421	-	32,689,421
	ii. Bank balance-customer accounts	28,772,300	-	28,772,300
	iii. Cash in hand	5,000	-	5,000
1.19	**Total Assets**	140,040,778		62,206,128

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2. Liabilities

2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	28,772,299	-	28,772,299
2.2	**Current Liabilities**			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	786,247	-	786,247
	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	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	**Non-Current Liabilities**			
	i. Long-Term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	**Subordinated Loans**	-	-	-
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	-	-	-
2.5	**Total Liabilities**	29,558,546		29,558,546

3. Ranking Liabilities Relating to :

3.1	**Concentration in Margin Financing**			
	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
3.2	**Concentration in 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**			
	<u>(a) in the case of right issues :</u> 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 issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	<u>(b) in any other case :</u> 12.5% of the net underwriting commitments	-	-	-
3.4	**Negative equity of subsidiary**			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	**Foreign exchange agreements and foreign currency positions**			
	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign 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.	-	-	-
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**			
	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	-	-	1,310,963
	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**	-	-	1,310,963
		110,482,232	**Liquid Capital**	31,336,619

26 NUMBER OF EMPLOYEES

	2020	2019
Number of employees	6	7
Average Number of employees	6	7

27 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the Board of Directors and authorized for issue on 05 OCT 2020.

28 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE **DIRECTOR**