



# Amer Securities (Pvt) Ltd.

## TREC Holder Pakistan Stock Exchange Ltd.

Room # 620, Stock Exchange Building, 19-Khayaban-e-Aiwan-e-Iqbal Lahore.

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October 29, 2020

Mr. Sarmad Hussain  
Regional Incharge – PSX Lahore  
Pakistan Stock Exchange

Subject:- Annual Financial Statement

Dear Sir,

Here we want to inform you that we are submitting copy of Annual Financial Statement (Audited) as at June 30, 2020.

Regards,

Amer Securities (Pvt.) Ltd



**Independent Auditor's Report to the members of AMER SECURITIES (PVT) LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of **AMER SECURITIES (PVT) LIMITED**, which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and 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, 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 and 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.

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

Management is responsible for the other information. The other information comprises the Directors' Report.

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

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

**Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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



they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.

#### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and
- e) the company has duly complied with the requirements of Section 78 of the Securities Act, 2015, and relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at June 30, 2020.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Amin.



CHARTERED ACCOUNTANTS

Lahore: 07 OCT 2020

AMER SECURITIES (PVT) LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	5	185,778	227,814
Intangible assets	6	6,049,074	6,066,474
Long term investments	7	17,850,071	18,238,300
Long term deposits	8	1,500,000	1,500,000
		<u>25,584,923</u>	<u>26,032,588</u>
<b>CURRENT ASSETS</b>			
Trade debts	9	7,280,634	6,424,421
Investment at fair value through profit or loss	10	49,126,983	46,447,518
Trade deposits, short term prepayments and current account balance with statutory authorities	11	4,152,393	4,152,393
Cash and bank balances	12	20,896,677	2,448,660
		<u>81,456,687</u>	<u>59,472,992</u>
		<u>107,041,610</u>	<u>85,505,580</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	13	20,000,000	20,000,000
Revenue reserve			
Un-appropriated profit		9,753,760	5,427,299
Capital reserve			
Fair value adjustment reserve	14	8,059,961	8,448,190
		<u>37,813,721</u>	<u>33,875,489</u>
Share deposit money	15	12,068,678	12,068,678
		<u>49,882,399</u>	<u>45,944,167</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred taxation	16	-	-
Deferred liabilities - gratuity	17	2,011,729	1,638,387
		<u>2,011,729</u>	<u>1,638,387</u>
<b>CURRENT LIABILITIES</b>			
Deposits, accrued liabilities and advances	18	1,044,208	1,010,807
Trade and other payables	19	9,128,919	5,401,340
Accrued markup		237,467	800,870
Loan from banking companies	20	9,763,978	11,450,835
Loan from related party	21	34,259,174	19,259,174
Provision for taxation		713,736	-
		<u>55,147,482</u>	<u>37,923,026</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	22		
		<u>107,041,610</u>	<u>85,505,580</u>

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

CHIEF EXECUTIVE



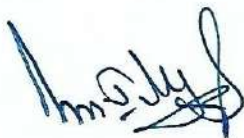
DIRECTOR



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

	Note	2020 Rupees	2019 Rupees
Brokerage and commission	23	8,197,078	7,879,131
Capital gain / (loss) on marketable securities		8,294,342	(8,526,555)
		16,491,420	(647,424)
Direct cost	24	(1,123,597)	(1,232,966)
		15,367,823	(1,880,390)
Operating expenses	25	(6,228,204)	(6,038,704)
Other operating expenses	26	(2,976,490)	(9,843,224)
Other income	27	1,452,956	4,822,585
		(7,751,738)	(11,059,343)
<b>PROFIT/(LOSS) FROM OPERATIONS</b>		7,616,085	(12,939,733)
Finance cost	28	(1,885,753)	(2,519,606)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		5,730,332	(15,459,339)
Taxation	29	(1,400,989)	(1,249,762)
<b>PROFIT / (LOSS) FOR THE YEAR</b>		4,329,343	(16,709,101)
<b>EARNINGS PER SHARE-BASIC AND DILUTED</b>	30	216.47	(835.46)

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



CHIEF EXECUTIVE




DIRECTOR


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

	2020 Rupees	2019 Rupees
Profit/(loss) for the year	4,329,343	(16,709,101)
<b>Items that will not be reclassified subsequently to profit and loss account</b>		
Loss on staff retirement benefit obligation	(3,519)	(213,835)
Less: Related deferred tax	637	26,957
	(2,882)	(186,878)
<b>Items that may be reclassified subsequently to profit and loss account</b>		
(Loss)/Gain on available for sale investment	(388,229)	9,545,357
<b>Other comprehensive (loss)/income for the year</b>	(391,111)	9,171,601
<b>Total comprehensive income for the year</b>	<u>3,938,232</u>	<u>(7,537,500)</u>

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

  
**CHIEF EXECUTIVE**





**DIRECTOR**

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

	Note	2020 Rupees	2019 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before taxation		5,730,332	(15,459,339)
<b>Adjustments of items not involving movements of cash:</b>			
Depreciation	5	42,032	48,328
Ammortization	6.2	17,400	17,400
Finance cost	28	1,885,753	2,519,606
Provision for gratuity - Net		369,823	288,704
Loss on remeasurement of investment at fair value	10	1,962,840	9,507,115
		<u>4,277,848</u>	<u>12,381,153</u>
Operating cash flows before working capital changes		10,008,180	(3,078,186)
<b>(Increase)/ Decrease in working capital</b>			
<b>(Increase)/ decrease in current assets</b>			
Trade debts		(856,213)	18,411,526
Trade deposits and short term prepayments		-	(92,387)
<b>Increase / (decrease) in current liabilities</b>			
Deposits, accrued liabilities and advances		33,401	6,831
Trade and other payables		4,441,319	2,546,849
		<u>3,618,507</u>	<u>20,872,819</u>
Cash generated from operations		13,626,687	17,794,633
Taxes paid		(1,400,352)	(1,758,720)
Finance cost paid		(2,449,156)	(2,286,630)
		<u>(3,849,508)</u>	<u>(4,045,350)</u>
Net cash flows from operating activities		9,777,179	13,749,283
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed assets purchased		-	(78,850)
Long term deposits		-	100,000
Short term investments- net		(4,642,305)	(20,465,199)
Net cash flows from investing activities		(4,642,305)	(20,444,049)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan from related party		15,000,000	-
Net Cash Flows From Financing Activities		15,000,000	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>20,134,874</u>	<u>(6,694,766)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>(9,002,175)</u>	<u>(2,307,409)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	<u>11,132,699</u>	<u>(9,002,175)</u>
<b>A Cash and Cash Equivalents</b>			
Cash and bank balances	12	20,896,677	2,448,660
Loan from banking companies	20	(9,763,978)	(11,450,835)
		<u>11,132,699</u>	<u>(9,002,175)</u>

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

CHIEF EXECUTIVE



DIRECTOR



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

	Paid up capital	Un-appropriated profit	Fair value adjustment reserve	Sub-total	Share deposit money	Total
----- (R u p e e s) -----						
Balance as at June 30, 2018	20,000,000	22,323,278	(1,097,167)	41,226,111	12,068,678	53,294,789
Loss after taxation	-	(16,709,101)	-	(16,709,101)	-	(16,709,101)
Other comprehensive income	-	(186,878)	9,545,357	9,358,479	-	9,358,479
Total comprehensive loss for the year	-	(16,895,979)	9,545,357	(7,350,622)	-	(7,350,622)
Balance as at June 30, 2019	20,000,000	5,427,299	8,448,190	33,875,489	12,068,678	45,944,167
Income after taxation	-	4,329,343	-	4,329,343	-	4,329,343
Other comprehensive loss	-	(2,882)	(388,229)	(391,111)	-	(391,111)
Total comprehensive income for the year	-	4,326,461	(388,229)	3,938,232	-	3,938,232
Balance as at June 30, 2020	20,000,000	9,753,760	8,059,961	37,813,721	12,068,678	49,882,399

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

  
CHIEF EXECUTIVE





DIRECTOR



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

**1 COMPANY AND ITS OPERATION**

- 1.1 The company was incorporated as Private Limited Company on September, 2003 under the repealed Companies Ordinance, 1984. The company is engaged in the business of share brokerage and investment in securities. The registered office of the company is situated at Room No. 620, 6th Floor, Lahore Stock Exchange Building, 19-Khyayaban-e-Aiwan-e-Iqbal, Lahore. The branch office of the company is located at Room No. 620, 6th Floor, Lahore Stock Exchange Building, 19-Khyayaban-e-Aiwan-e-Iqbal, Lahore.

The company is holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange.

**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. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs, 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 as disclosed in the accounting policy notes.

**2.3 FUNCTIONAL AND PRESENTATION CURRENCY**

The financial statements are presented in Pakistani Rupee, which is the company's functional and presentation currency.

**2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires 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 and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Judgments and estimates made by management that may have a significant risk of material adjustments to the financial statements in subsequent years are as follows:

- Useful lives, residual values and depreciation method of property and equipment
- Useful lives, residual values and amortization method of intangible assets
- Valuation of investment in ordinary shares of LSE Financial Services Limited





- Provision for doubtful account receivables
- Estimation of provisions
- Estimation of contingent liabilities
- Current income tax expense, provision for current tax and recognition of deferred tax asset

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

Depreciation is charged on reducing balance method at the rates mentioned in the relevant notes to the financial statements. Depreciation on additions is charged for the month in which an asset is acquired while no depreciation is charged for the month in which an asset is disposed off. Normal repair and maintenance is charged to revenue as and when incurred, while major renewals and replacements are capitalized. The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

Gain or loss on disposal of property and equipment, if any is taken to profit and loss account.

#### **3.2 INTANGIBLE ASSETS**

Intangible assets with finite useful life are stated at cost less amortization and 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 carrying value exceeds estimated recoverable amount, it is written down to estimated recoverable amount. The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

##### **3.2.1 Membership card and offices**

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.

##### **3.2.2 Computer Software**

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Costs which enhance or extend the performance of computer software beyond its original specification and useful life is recognized as capital improvement and added to the original cost of the software.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through straight line method.


Amortization is charged when asset is available for use until asset is disposed off.

#### **3.3 FINANCIAL ASSETS**

Financial assets are classified in the following categories: Held-to-maturity, at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### **3.3.1 Held to Maturity**

The investments with fixed maturity, if any, that the company has to positive intent and ability to hold to maturity. Held to maturity investments are initially measured at fair value plus transaction costs and are subsequently stated at amortized cost using the effective interest rate method less impairment, if any. These are classified as current and non-current assets in accordance with nature of investment.





### **3.3.2 At fair value through profit and loss**

Investments classified as held for trading are included in the category of financial assets at fair value through profit and loss. These are listed securities that are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin.

All investments are initially recognized at cost, being the fair value of the consideration given excluding acquisition charges with the investment. After initial recognition, investments are measured at their fair values. Unrealized gains and losses on investments are recognized in profit and loss account of the period.

Fair values of these securities representing listed equity and debt securities are determined by reference to stock exchange quoted market prices at the close of the business on reporting date.

### **3.3.3 Available-for-sale**

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial recognition at cost, these are premeasured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in un-quoted companies is determined by applying the appropriate valuation techniques. Gains or losses on available-for-sale investments are recognized directly in other comprehensive income until the investments are sold or disposed-off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously recognized in other comprehensive income, is re-classified from equity to profit and loss as re-classification adjustment.

### **3.3.3 Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivable and cash and bank balances in the statement of financial position.

## **3.4 FINANCIAL LIABILITIES**

Financial liabilities are initially measured at cost, which is the fair value, of the consideration given and subsequently carried at amortized cost using effective interest rate method.

## **3.5 OFF-SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## **3.6 TRADE DEBTS AND OTHER RECEIVABLES**

Trade and other receivables are recognised and carried at transaction price less an allowance for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

## **3.7 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of cash balances and call deposits. For the purpose of statement of cash flows; cash and cash equivalents comprise cash in hand, bank balances and running finances.



### 3.8 BORROWINGS

Loans are measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

In case the loan is interest-free or carries interest below the prevalent market rate, it is initially recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The difference between the discounted present value and actual receipt is recognised as finance income. Subsequently, the interest-free loan is measured at amortized cost, using the effective Interest rate method, this involves unwinding of discount, such that at the repayment date, the carrying value of obligation equals the amount to be repaid. The unwinding of discount is included in finance costs in the statement of profit or loss.

### 3.9 TAXATION

#### Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits imposed by the taxation laws.

#### 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 reporting 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.

### 3.10 Staff retirement benefits - gratuity

The Company operates an unfunded Gratuity Scheme covering all the permanent employees of the Company with qualifying service period of six months. Provision is made annually on the basis of actuarial valuation. The most recent actuarial valuation was carried out as at June 30, 2020 using the Projected Unit Credit Method. Actuarial gains and losses are recognized in accordance with the recommendations of the actuary. All actuarial gains and losses (i.e. measurements) are recognised in 'other comprehensive income' as they occur.

### 3.11 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at cost, which is the fair value of the consideration to be paid, in the future for goods and services received and subsequently measured at amortized cost.

### 3.12 PROVISIONS

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.





Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the statement of profit or loss.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

### 3.13 CONTINGENT LIABILITIES

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

### 3.14 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions denominated in foreign currencies are translated to Pakistan Rupees at the exchange rate ruling at the date of transaction.

Monetary assets and liabilities in foreign currencies at reporting date are translated into Pakistan Rupees at exchange rates ruling on that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

### 3.15 IMPAIRMENT OF NON-FINANCIAL ASSETS

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 3.16 REVENUE RECOGNITION

Revenue is recognized 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 and sales tax. Revenue is recognized on the following basis:

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided, and thereby the performance obligations are satisfied.





- Profit on saving accounts, profit on exposure deposits and markup on marginal financing is recognized at effective yield on time proportion basis.
- Gains/(losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.
- Other revenues are recorded, as and when due, on accrual basis.

### 3.17 BASIC AND DILUTED EARNINGS PER SHARE

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

### 3.18 RELATED PARTY TRANSACTIONS

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method except permitted by the regulatory authorities or reason disclosed in relevant note to the financial statements, if any. Transactions with related parties have been disclosed in the relevant notes to the financial statements.

### 3.19 TRADE DATE ACCOUNTING

All "regular way" purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.

### 3.20 CHANGE IN ACCOUNTING POLICIES

The Securities & Exchange Commission of Pakistan has introduced amendments in the Companies Act, 2017 in respect of accounting and reporting standards applicable to company, which have been applied for the first time in these financial statements. The changes in the accounting and reporting standards have impacted the Company's accounting policies relating to revenue recognition, classification and measurement of financial assets. Accordingly, relevant accounting policies have been changed and applied retrospectively in these financial statements to comply with the accounting and reporting standards applicable to the Company. As a result, the company has considered affects due to application of these accounting policies and concluded that there is no material impact resulting from such adoption except the following reclassification of financial assets:

Heads of Accounts	Original Classification	New Classification	Original Amount	New Carrying Amount
---RUPEES---				
Long term investment	Fair Value through OCI	Available for sale	18,238,300	18,238,300
Long term deposits	Amortised cost	Loans and receivables	1,500,000	1,500,000
Account receivables	Amortised cost	Loans and receivables	6,424,421	6,424,421
Cash and bank balances	Amortised cost	Loans and receivables	2,448,660	2,448,660
			<u>28,611,381</u>	<u>28,611,381</u>



#### 4 IMPACT OF COVID-19

The novel coronavirus (COVID-19) emerged and since then, the condition has continued to deteriorate. On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organisation declared the outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is hard to predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations. Further, the management evaluates going concern assumption used for the preparation of financial statements. However, as per the management assessment, there is no significant impact on the above.



5 PROPERTY AND EQUIPMENT

Particulars	Cost				Depreciation				W.D.V As at June 30, 2020	
	As at June 30, 2019	Additions	Deletions	As at June 30, 2020	Rate %	As at June 30, 2019	Charge for the year	Disposal		As at June 30, 2020
OWNED	----- (R u p e e s) -----									
Furniture and fixtures	140,150	-	-	140,150	10	96,823	4,333	-	101,156	38,994
Vehicles	25,000	-	-	25,000	10	7,687	1,731	-	9,418	15,582
Office equipment	127,200	-	-	127,200	10	62,284	6,492	-	68,776	58,424
Computers	670,226	-	-	670,226	30	573,972	28,876	-	602,848	67,378
Electric fittings	30,500	-	-	30,500	10	24,500	600	-	25,100	5,400
	993,076	-	-	993,076		765,266	42,032	-	807,298	185,778

Particulars	Cost				Depreciation				W.D.V As at June 30, 2019	
	As at June 30, 2018	Additions	Deletions	As at June 30, 2019	Rate %	As at June 30, 2018	Charge for the year	Disposal		As at June 30, 2019
OWNED	----- (R u p e e s) -----									
Furniture and fixtures	140,150	-	-	140,150	10	92,009	4,814	-	96,823	43,327
Vehicles	25,000	-	-	25,000	10	5,763	1,924	-	7,687	17,313
Office equipment	71,200	56,000	-	127,200	10	55,590	6,694	-	62,284	64,920
Computers	647,376	22,850	-	670,226	30	539,743	34,229	-	573,972	96,254
Electric fittings	30,500	-	-	30,500	10	23,833	667	-	24,500	6,000
	914,226	78,850	-	993,076		716,938	48,328	-	765,266	227,814



	Note	2020 Rupees	2019 Rupees
<b>6 INTANGIBLE ASSETS</b>			
Rights of room		3,476,916	3,476,916
Trading right entitlement certificate (TREC)	6.1	2,500,000	2,500,000
Computer software	6.2	72,158	89,558
		<u>6,049,074</u>	<u>6,066,474</u>

6.1 It represents Trading Right Entitlement Certificate (TREC) received from the Pakistan Stock Exchange Limited without any additional payment, in lieu of TREC issued by the Lahore Stock Exchange Limited, surrendered on, January 10, 2016 on the consequence of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Trading Right entitlement certificate is pledged/mortgaged with the Pakistan Stock Exchange Limited as a collateral for running the brokerage business and to meet partly, the Base Minimum Capital Requirement.

	Note	2020 Rupees	2019 Rupees
<b>6.2 Computer software</b>			
<b>Cost:</b>			
Balance as at July 01,		174,000	174,000
Additions during the year		-	-
Balance as at June 30,		174,000	174,000
<b>Amortization:</b>			
Balance as at July 01,		84,442	67,042
Charge for the year		17,400	17,400
Balance as at June 30,		101,842	84,442
<b>Net book value</b>		<u>72,158</u>	<u>89,558</u>
<b>Rate of amortization</b>		<u>10%</u>	<u>10%</u>

## 7 LONG TERM INVESTMENTS

### Unquoted - Shares of LSE Financial Services Limited:

*Available for sale*

Cost as at July 01,	7.1	9,790,110	9,790,110
Fair value adjustment		8,059,961	8,448,190
		<u>17,850,071</u>	<u>18,238,300</u>

7.1 Pursuant to the promulgation of the Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (The Act), The Lahore Sock Exchange Limited, now LSE Financial Services Limited had allotted 843,975 shares of the face value of Rs. 10 each to the TREC holder. All shares are held in freeze status in the respective CDC sub-account of the TREC holder. The divestment of the same will be made in accordance with the requirements of the Act within one year from the date of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Company has pledged 843,975 shares of LSE Financial Services Limited with the Pakistan Stock Exchange to fulfill the Base Minimum Capital requirement.

The Company, as per its policy, carried out the valuation of the aforementioned investments. In this connection, the valuation technique used by the Company was Discounted Cash Flow of Earnings method. Assumptions and inputs used in the valuation are post-tax earnings, historic growth rate of earning, rate of return on equity, risk premium. Principal assumptions used in the valuation of above unquoted investments are based on current market/industry conditions in respect of discount rate and growth rate. Business net cash flow forecast over an indefinite (infinity) has been assumed after projection period of 5 years.

	Note	2020 Rupees	2019 Rupees
<b>8 LONG TERM DEPOSITS</b>			
Deposits with:			
National Clearing Company of Pakistan Ltd.		1,400,000	1,400,000
Central Depository Company of Pakistan Ltd.		100,000	100,000
		<u>1,500,000</u>	<u>1,500,000</u>
<b>9 TRADE DEBTS</b>			
Receivable from clients on account of:			
Purchase of shares on behalf of clients		9,138,606	6,837,022
Receivable from related party	9.1	468,542	1,014,870
		9,607,148	7,851,892
Less: Provision for doubtful debts	9.2	2,326,514	1,427,471
	9.4	<u>7,280,634</u>	<u>6,424,421</u>



9.1 Receivable from related parties comprises of the following:

Name	Basis of relationship	Maximum aggregate amount Rupees	2020 Rupees	2019 Rupees
Mr. Amer Ilyas	Chief Executive	800,377	-	800,377
Mr. Muhammad Arshad	Director	239,769	211,533	196,884
Mrs. Afsheen Amer	Director	257,009	257,009	17,609
			<u>468,542</u>	<u>31,895</u>

9.2 Aging analysis of the amounts due from related parties as follows:

	Up to 1 months	1 to 6 months	More than 6 months	As at June 30, 2020
	-----Rupees-----			
Mr. Amer Ilyas	-	-	-	-
Mr. Muhammad Arshad	211,533	-	-	211,533
Mrs. Afsheen Amir	900	-	256,109	257,009
	<u>212,433</u>	<u>-</u>	<u>256,109</u>	<u>468,542</u>

9.3 Movement is as follows

Opening balance	1,427,471	1,091,362
Add: Provision made during the year	899,043	336,109
	<u>2,326,514</u>	<u>1,427,471</u>

9.3.1 This includes provision amounting Rs. 196,259 and Rs. 244,807 against receivable from Mr. Muhammad Arshad (Director) and Ms. Afsheen Amer (Director) respectively. Provision is based on balances outstanding for more than 5 days exceeding market value of holding securities after VAR haircut.

9.4 Aging Analysis

Up to five days	930,667	1,422,249
More than five days	6,349,967	5,002,172
	<u>7,280,634</u>	<u>6,424,421</u>

10 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2020 Rupees	2019 Rupees
Carrying value		51,089,823	55,954,633
Loss on re-measurement of investment	10.1	<u>(1,962,840)</u>	<u>(9,507,115)</u>
		<u>49,126,983</u>	<u>46,447,518</u>

*Handwritten signature*

10.1 This includes shares having carrying value of Rs.1,306,685 (2019: Rs. 3,134,566) pledged with financial institutions and shares amounting Rs.10,153,338 (2019: 4,438,775) pledged with National Clearing Company of Pakistan Limited for exposure margins.

	Note	2020 Rupees	2019 Rupees
<b>11 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES</b>			
<b>Deposits with:</b>			
National Clearing Company of Pakistan	11.1	1,347,387	1,347,387
JS Bank Ltd. against guarantee	22.1	500,000	500,000
Tax deducted at source		2,305,006	2,305,006
		<u>4,152,393</u>	<u>4,152,393</u>

11.1 This represents deposit with National Clearing Company of Pakistan Limited against exposure margin in respect of trade in future and ready market. These deposits carry profit at rates ranging from 6% to 12% (2019: 3.5% to 10%) per annum.

	Note	2020 Rupees	2019 Rupees
<b>12 CASH AND BANK BALANCES</b>			
These were held as under:			
Cash in hand		70	150
Cash at bank			
Current accounts:			
Pertaining to brokerage house		8,542,318	38,314
Pertaining to clients		12,354,289	2,410,196
		<u>20,896,607</u>	<u>2,448,510</u>
		<u>20,896,677</u>	<u>2,448,660</u>

### 13 SHARE CAPITAL

#### Authorized

35,000 (2019: 35,000) ordinary shares  
of Rs. 1,000 each

35,000,000	35,000,000
------------	------------

#### Issued, subscribed and paid up

20,000 (2019: 20,000) ordinary shares of Rs. 1,000 each  
fully paid in cash

20,000,000	20,000,000
------------	------------



### 13.1 Pattern of Shareholding:

Categories of shareholders	% of shares held		Number of Shares Held	
	2020	2019	2020	2019
<b>Individual</b>				
<b>Chief Executive</b>				
Mr. Amer Ilyas	70%	70%	14,000	14,000
<b>Director</b>				
Mrs. Afsheen Amir	29%	29%	5,800	5,800
Mr. Muhammad Arshad	1%	1%	200	200
	<u>100%</u>	<u>100%</u>	<u>20,000</u>	<u>20,000</u>

### 14 CAPITAL RESERVE

This represents accumulated gain on available for sale investment and it will be reclassified to statement of profit or loss upon disposal of related investment.

### 15 SHARE DEPOSIT MONEY

This represents share deposit money received from Mr. Amer Ilyas, Chief Executive of the company.

	Note	2020 Rupees	2019 Rupees
<b>16 DEFERRED TAXATION</b>			
Deferred credits/(debits) arising due to:			
Accelerated tax depreciation		10,792	8,470
Provision for doubtful debts		(420,962)	(179,956)
Gratuity payable		(364,004)	(206,545)
		<u>(774,174)</u>	<u>(378,031)</u>
Balance as at July 01,		-	-
Add: Charge/(Reversal) for the year			
Statement of profit or loss account		637	26,957
Statement of comprehensive income		(637)	(26,957)
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

At year end net deductible temporary differences amounting Rs. 2,669,566 (2019: Rs. 1,303,558) which results in a net deferred tax asset of Rs. 774,174 (2019: Rs. 378,031). However, deferred tax asset has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2021.

	Note	2020 Rupees	2019 Rupees
<b>17 DEFERRED LIABILITIES - GRATUITY</b>			
Provision for staff gratuity	17.1	<u>2,011,729</u>	<u>1,638,387</u>
<b>17.1 Staff Gratuity - Defined benefits plan</b>			
<b>The amount recognized in the statement of financial position:</b>			
Present value of defined benefit obligation		<u>2,011,729</u>	<u>1,638,387</u>
<b>Movement in present value of defined benefit obligation:</b>			
Present value of defined benefit obligations as on July 01,		1,638,387	1,135,848
Charge to profit or loss account		369,823	288,704
Benefits paid during the year		-	-
Recognised in other comprehensive income		<u>3,519</u>	<u>213,835</u>
Present value of defined benefit obligations as on June 30,		<u>2,011,729</u>	<u>1,638,387</u>
<b>Charge to profit and loss account for the year is as follows:</b>			
Service cost		165,025	146,723
Interest cost		<u>204,798</u>	<u>141,981</u>
		<u>369,823</u>	<u>288,704</u>
<b>In Other Comprehensive Income</b>			
Re-measurements in the year		3,519	213,835
Related deferred tax		<u>(637)</u>	<u>(26,957)</u>
		<u>2,882</u>	<u>186,878</u>

#### 17.2 Sensitivity Analysis

The sensitivities of the defined benefit obligation to changes in the weighted principal assumptions are as under:

	2020			
	Discount rate		Salary increase	
	+1%	-1%	+1%	-1%
	----- R u p e e s -----			
Present value of obligation	<u>1,801,810</u>	<u>2,262,500</u>	<u>2,262,500</u>	<u>1,798,202</u>



2019				
Discount rate		Salary increase		
+1%	-1%	+1%	-1%	
----- R u p e e s -----				
Present value of obligation	<u>1,469,637</u>	<u>1,840,000</u>	<u>1,840,000</u>	<u>1,466,842</u>

17.3 Comparison for three years:

As at June 30,	2020	2019	2018
	----- (R u p e e s) -----		
Present value of defined benefit obligation	<u>2,011,729</u>	<u>1,638,387</u>	<u>1,135,848</u>

17.4 Significant Actuarial Assumptions:

	Note	2020	2019
- Discount rate used for year end obligation		8.50%	12.50%
- Expected Rate of salary increase in future years		7.50%	11.50%
- Average expected remaining working lifetime of members		10 Years	9 Years
- Average duration of liability		9 Years	7 Years

18 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES

	Note	2020 Rupees	2019 Rupees
Accrued expenses		<u>1,044,208</u>	<u>1,010,807</u>

19 TRADE AND OTHER PAYABLES

	Note	2020 Rupees	2019 Rupees
Creditors for sale of shares on behalf of clients	19.1&19.2	7,075,432	2,357,693
Punjab workers welfare fund payable		114,607	-
Payable to National Clearing Company of Pakistan Ltd.		<u>1,938,880</u>	<u>3,043,647</u>
		<u>9,128,919</u>	<u>5,401,340</u>

19.1 Creditors for sale of shares on behalf of clients include the following amounts due to related parties:

Name	Basis of relationship	2020 Rupees	2019 Rupees
Mr. Amer Ilyas	Chief Executive	<u>360,836</u>	<u>-</u>

19.2 The total value of securities pertaining to clients are Rs. 244,443,603 (2019: Rs. 198,001,531 ) held in sub-accounts of the company. No security is pledged by client to the financial institutions except with NCCPL amounting Rs. 39,994,909 (2019: Rs. 11,872,770) for exposure.

	Note	2020 Rupees	2019 Rupees
<b>20 LOAN FROM BANKING COMPANIES</b>			
<b>Short term borrowings-secured</b>			
Bank AL Habib Limited	20.1	-	1,521,245
JS Bank Limited	20.2	9,763,978	9,929,590
		<u>9,763,978</u>	<u>11,450,835</u>

20.1 This facility of Rs. 50.00 million (2019: 50.00 million) is available to the company under the markup arrangement from Bank AL Habib Limited. Rate of markup is Three Months KIBOR plus 2.5% Per annum. This facility is secured against pledge of shares of listed company as per approved list of shares with 50% margin and personal guarantees of directors.

20.2 This facility of Rs. 10.00 million (2019: 10.00 million) is available to the company under the markup arrangement from JS Bank Limited. Rate of markup is One Month KIBOR plus 300 bps. This facility is secured by personal guarantees of all directors, token registered mortgage of Rs. 0.10 million and Equitable Mortgage with 25% margin on the market value of two properties which have been valued by independent valuers. During the year, the company has not availed facility of RF-II amounting Rs. 15.00 million.

	Note	2020 Rupees	2019 Rupees
<b>21 LOAN FROM RELATED PARTY</b>			
<b>21.1 Loan from Mr. Amer Ilyas - Chief executive</b>			
Balance as at July 01,		19,259,174	19,259,174
Add: Loan received during the year		15,000,000	-
		<u>34,259,174</u>	<u>19,259,174</u>
Less: Adjustment/repayment during the year		-	-
		<u>34,259,174</u>	<u>19,259,174</u>

21.2 This represents interest free and un-secured loan obtained from the chief executive of the company to meet the working capital requirements. The loan is subordinated to all other debts of the company and is payable on demand of the lender.

## 22 CONTINGENCIES AND COMMITMENTS

22.1 JS Bank Limited has issued a guarantee on behalf of the company in favor of National Clearing Company of Pakistan Limited amounting Rs. 5.00 million (2019: Rs. 5.00 million).

22.2 Commitments as at reporting date were Rs. Nil (2019: Rs. Nil).



	Note	2020 Rupees	2019 Rupees
<b>23 BROKERAGE AND COMMISSION</b>			
Retail customers		9,508,610	9,139,792
Less: Sales tax		<u>1,311,532</u>	<u>1,260,661</u>
		<u>8,197,078</u>	<u>7,879,131</u>
<b>24 DIRECT COST</b>			
Charges paid to:			
Pakistan Stock Exchange Ltd.		342,421	455,211
Central Depository Company of Pakistan Ltd.		279,742	288,655
National Clearing Company of Pakistan Ltd.		<u>501,434</u>	<u>489,100</u>
		<u>1,123,597</u>	<u>1,232,966</u>
<b>25 OPERATING EXPENSES</b>			
Directors' remuneration		1,591,733	1,764,446
Staff salaries and benefits	25.1	2,181,223	1,847,604
Rent, rates and taxes		38,596	29,186
Communication expenses		210,582	222,881
Electricity charges		168,618	156,435
Postage and courier charges		44,674	42,091
Printing and stationery		30,995	29,637
Repair and maintenance		76,655	77,006
Legal and professional charges	25.2	456,730	368,900
Fee and subscription		112,275	68,581
Insurance		2,819	3,427
Entertainment		445,863	497,333
Office expenses		140,339	140,179
Software maintenance charges		513,000	405,500
Donation		99,750	69,800
Depreciation	5	42,032	48,328
Ammortization	6	17,400	17,400
Others		<u>54,920</u>	<u>249,970</u>
		<u>6,228,204</u>	<u>6,038,704</u>

25.1 Staff salaries and benefits include provision for staff gratuity amounting Rs. 369,823 (2019: Rs. 288,704).

## 25.2 Auditors' remuneration

The audit fee and remuneration for other services included in the financial statements is as follows:

	Note	2020 Rupees	2019 Rupees
<b>Amin, Mudassar &amp; Co., Chartered Accountants</b>			
Statutory audit		162,750	147,000
Certification fee		44,100	81,900
		<u>206,850</u>	<u>228,900</u>

## 26 OTHER OPERATING EXPENSES

Loss on measurement of investment at fair value through profit or loss	10	- 1,962,840	9,507,115
Punjab workers welfare fund		114,607	-
Provision for doubtful debts		899,043	336,109
		<u>2,976,490</u>	<u>9,843,224</u>

## 27 OTHER INCOME

<b>Income from financial assets</b>			
Dividend income		830,948	4,362,682
RMS profit		334,291	299,972
<b>Income from assets other than financial assets</b>			
Other income		287,717	159,931
		<u>- 1,452,956</u>	<u>4,822,585</u>

## 28 FINANCE COST

Markup on short term borrowings		1,748,583	2,376,237
Bank charges		137,170	143,369
		<u>1,885,753</u>	<u>2,519,606</u>

## 29 TAXATION

Income tax:			
-Current		1,400,352	1,222,805
-Deferred	16	637	26,957
		<u>1,400,989</u>	<u>1,249,762</u>

29.1 Income tax assessment of the Company has been finalized up to tax year 2019 on the basis of returns filed as the company did not receive any notice in this respect.





	2020 Rupees	2019 Rupees
Loss before taxation	<u>5,730,332</u>	<u>(15,459,339)</u>
Tax at applicable rate	1,661,796	(4,483,208)
Tax effect of income under presumptive tax regime	(1,229,752)	2,803,209
Tax effect of non-deductible expenses	1,001,544	2,953,510
Effect of minimum tax adjustment	-	(50,706)
Deferred taxation	<u>637</u>	<u>26,957</u>
	<u>1,434,225</u>	<u>1,249,762</u>
<b>30 EARNINGS PER SHARE-BASIC AND DILUTED</b>		
	2020	2019
Profit / (Loss) for the year-Rupees	<u>4,329,343</u>	<u>(16,709,101)</u>
Weighted average number of ordinary shares outstanding during the year-Numbers	<u>20,000</u>	<u>20,000</u>
Earnings per share-Rupees	<u>216.47</u>	<u>(835.46)</u>
<b>31 NUMBER OF EMPLOYEES</b>	2020	2019
	( N u m b e r )	
Total number of employees at the end of year	<u>7</u>	<u>7</u>
Average number of employees during the year	<u>7</u>	<u>7</u>

### 32 REMUNERATION OF DIRECTORS

The aggregate amount charged in the financial statements for the year for remuneration to the chief executive and director of the company is as follows:

	Chief Executive		Director	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Managerial remuneration	<u>1,096,733</u>	<u>1,259,446</u>	<u>495,000</u>	<u>505,000</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

One director is entitled to post retirement benefits (i.e gratuity).

**33 FINANCIAL INSTRUMENTS BY CATEGORY****Financial assets and financial liabilities****Financial assets****Available for sale**

Long term investment

2020 Rupees	2019 Rupees
<u>17,850,071</u>	<u>18,238,300</u>

**At fair value through profit or loss:**

Investment at fair value through profit or loss

<u>49,126,983</u>	<u>46,447,518</u>
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**Loans and receivables**

Long term deposits

1,500,000	1,500,000
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Trade debts

7,280,634	6,424,421
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Trade deposits

1,847,387	1,847,387
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Cash and bank balances

<u>20,896,677</u>	<u>2,448,660</u>
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<u>31,524,698</u>	<u>12,220,468</u>
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**Financial liabilities****At amortized cost**

Deposits, accrued liabilities and advances

1,044,208	1,010,807
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Trade and other payables

9,128,919	5,401,340
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Accrued markup

237,467	800,870
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Loan from banking companies

9,763,978	11,450,835
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Loan from related party

34,259,174	19,259,174
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Provision for taxation

713,736	-
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<u>55,147,482</u>	<u>37,923,026</u>
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### 34 LIQUID CAPITAL BALANCE

The liquid capital balance has been prepared on the basis of Securities Brokers (Licensing and Operations) Regulations, 2016 (The Regulations) issued by Securities and Exchange Commission of Pakistan.

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>I. Assets</b>				
1.1	Property & Equipment	185,778	100.00%	-
1.2	Intangible Assets	6,049,074	100.00%	-
1.3	Investment in Govt. Securities	-	-	-
	<b>Investment in Debt. Securities</b>			
	<b>If listed than:</b>			
	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%	-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	<b>If unlisted than:</b>			
	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%	-
	<b>Investment in Equity Securities</b>			
	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.	49,126,983	7,909,077	41,217,906
	ii. If unlisted, 100% of carrying value.	17,850,071	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 are not included in the investments of securities broker	-	-	-
1.5	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. (July 19, 2017). 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)	-	-	-
1.6	Investment in subsidiaries	-	100.00%	-
	<b>Investment in associated companies/undertaking</b>			
1.7	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.	1,500,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	1,347,387	-	1,347,387
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	2,805,006	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	-	100.00%	-
1.16	<b>Receivables from clearing house or securities exchange(s)</b>			
	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.	-	-	-
	<b>Receivables from customers</b>			
	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.	-	-	-



S. No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
1.17	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%	-
	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>	930,667	-	930,667
	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>	6,322,491	-	6,322,491
	<i>vi. 100% haircut in the case of amount receivable from related parties.</i>	27,476	100.00%	-
	<b>Cash and Bank balances</b>			
1.18	i. Bank Balance-proprietary accounts	8,542,318	-	8,542,318
	ii. Bank balance-customer accounts	12,354,289	-	12,354,289
	iii. Cash in hand	70	-	70
1.19	<b>Total Assets</b>	<b>107,041,610</b>		<b>70,715,128</b>
<b>2. Liabilities</b>				
2.1	<b>Trade Payables</b>			
	i. Payable to exchanges and clearing house	1,938,880	-	1,938,880
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	7,075,432	-	7,075,432
2.2	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	1,396,282	-	1,396,282
	iii. Short-term borrowings	9,763,978	-	9,763,978
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	2,011,729	-	2,011,729
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	713,736	-	713,736
ix. Other liabilities as per accounting principles and included in the financial statements	34,259,174	-	34,259,174	
2.3	<b>Non-Current Liabilities</b>			
	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: 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	-	-	-	
2.4	<b>Subordinated Loans</b>			
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted : The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange	-	-	-
2.5	<b>Total Liabilities</b>	<b>57,159,211</b>		<b>57,159,211</b>



S. No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
<b>3. Ranking Liabilities Relating to :</b>				
3.1	<b>Concentration in Margin Financing</b> 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	<b>Concentration in securities lending and borrowing</b> 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	<b>Net underwriting Commitments</b> <b>(a) in the case of right issue :</b> if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting <b>(b) in any other case :</b> 12.5% of the net underwriting commitments	-	-	-
3.4	<b>Negative equity of subsidiary</b> 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	<b>Foreign exchange agreements and foreign currency positions</b> 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	<b>Repo adjustment</b> 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	<b>Concentrated proprietary positions</b> 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	-	990,547	990,547
3.9	<b>Opening Positions in futures and options</b> i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	<b>Short sell positions</b> 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	<b>Total Ranking Liabilities</b>	-	990,547	990,547

49,882,399

12,565,370

Liquid Capital Balance

12,565,370

35 NET CAPITAL BALANCE

The net capital balance has been prepared on the basis of Securities Exchange Commission (SEC) Rules, 1971, the Securities Brokers (Licensing and Operations) Regulation, 2016 (The Regulations) and guidelines issued by Securities and Exchange Commission of Pakistan.

	Rupees	Rupees
<b>CURRENT ASSETS</b>		
<b>Margin Deposit with Clearing Houses</b>		
National Clearing Company of Pakistan Limited	1,347,387	1,347,387
<b>Cash in hand and bank balances</b>		
Bank balances		
Pertaining to Brokerage House	8,542,318	
Pertaining to Clients	12,354,289	
	20,896,607	
Cash in hand	70	20,896,677
<b>Trade Receivables</b>		
Receivable from National Clearing Company of Pakistan Limited	-	
Receivables from clients	9,607,148	
Less: Outstanding for more than 14 days	7,470,433	
	2,136,715	2,136,715
<b>Investment in Listed Securities</b>		
Securities appearing and owned by Brokerage House	49,126,983	
Less: 15% discount	7,369,047	41,757,936
<b>Securities purchased for clients</b>		
Receivable from clients after expiry of 14 days	5,594,920	5,594,920
		71,733,635
<b>LESS: CURRENT LIABILITIES</b>		
<b>Trade and other payables</b>		
Overdue payables	7,075,432	
Less: Overdue more than 30 days	1,667,035	
	5,408,397	
<b>Other Liabilities</b>		
Trade payables overdue more than 30 days	1,667,035	
Accrued expenses	1,044,208	
Payable to National Clearing Company of Pakistan Limited	1,938,880	
Other liabilities	352,074	
Loan from banking companies	9,763,978	
Loan from related party	34,259,174	
Provision for taxation	713,736	
	49,739,085	55,147,482
<b>NET CAPITAL BALANCE</b>		<u>16,586,153</u>



36 **CORRESPONDING FIGURES**

The corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and better presentation. However, there is no major reclassification to report.

37 **GENERAL**

Figures have been rounded off to the nearest rupee.

38 **DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on 07 OCT 2020 by the Board of Directors of the Company.



**CHIEF EXECUTIVE**



**DIRECTOR**