Parker Randall International

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INDEPENDENT AUDITORS' REPORT

To the members of Abbasi and Company (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **ABBASI AND COMPANY (PRIVATE) LIMITED**, 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, 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, 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 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 and other 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 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, but does not include the financial statements and our auditor's report thereon.

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.

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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

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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, 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); and

e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the 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 Faisal Iqbal Khawaja.

Parker Randall AJS

Parker Randall - A.J.S.
Chartered Accountants
Lahore
Dated: October 07, 2020

PARKER RANDALL * A.J.S * Chartered Accountants

ABBASI AND COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		Rupees	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4.	209,812,078	216,609,650
Intangible assets	5.	1,475,383	1,653,903
Long term deposits	6.	5,441,700	5,291,700
Long term investment	7.	19,605,539	1,360,000
		236,334,700	224,915,253
CURRENT ASSETS			
Trade debts	8.	2,450,330	3,128,152
Short term investments	9.	33,862,177	41,482,885
Advances, deposits and prepayments	10.	67,272,188	124,630,245
Cash and bank balances	11.	352,959,129	207,966,556
		456,543,824	377,207,838
TOTAL ASSETS		692,878,524	602,123,091
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (2019: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
Share capital			
Issued, subscribed and paid up capital	12.	70,110,000	70,110,000
Capital reserves			
Share premium reserve		98,350,000	98,350,000
Fair value reserve of long term investment at FVOCI	7.2.	18,245,539	-
		116,595,539	98,350,000
Revenue reserves			
General reserve		200,000,000	200,000,000
Unappropriated profit		36,755,082	45,476,341
		236,755,082	245,476,341
		423,460,621	413,936,341
NON CURRENT LIABILITIES			
Deferred taxation	13.	-	-
		-	-
CURRENT LIABILITIES			
Trade and other payables	14.	269,417,903	188,186,750
CONTINGENCIES AND COMMITMENTS	15.	-	-
TOTAL EQUITY AND LIABILITIES		692,878,524	602,123,091

The annexed notes from 1 to 34 form an integral part of these financial statements.

Muhammad Ismail

CHIEF EXECUTIVE

Abbasi

DIRECTOR

ABBASI AND COMPANY (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		Rupees	
Operating revenue	16.	**51,508,521**	44,583,001
Capital (loss) / gain on sale of investments at FVTPL - net		**(10,492,677)**	3,232,254
Net fair value gain / (loss) on re-measurement of investments classified at FVTPL	9.3	**4,887,988**	(20,535,849)
		45,903,832	27,279,406
Finance cost	17.	**(52,809)**	(14,154)
Administrative and operating expenses	18.	**(66,622,130)**	(65,186,476)
Other income	19.	**13,261,810**	9,943,755
Loss before taxation		**(7,509,297)**	(27,977,469)
Taxation	20.	**(1,211,962)**	2,790,576
LOSS AFTER TAXATION		**(8,721,259)**	(25,186,893)
LOSS PER SHARE - BASIC AND DILUTED	21.	**(1.24)**	(3.59)

The annexed notes from 1 to 34 form an integral part of these financial statements.

Muhammad Ismail

CHIEF EXECUTIVE

Abbasi

DIRECTOR

ABBASI AND COMPANY (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		Rupees	
LOSS AFTER TAXATION		(8,721,259)	(25,186,893)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to statement of profit or loss		-	-
Surplus on re-measurement of investment at FVOCI	7.2	18,245,539	
TOTAL COMPREHENSIVE INCOME / LOSS		9,524,280	(25,186,893)

The annexed notes from 1 to 34 form an integral part of these financial statements.

Muhammad Ismail

CHIEF EXECUTIVE

Abbasi

DIRECTOR

ABBASI AND COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	SHARE CAPITAL	CAPITAL RESERVES			REVENUE RESERVES		TOTAL
	Issued, Subscribed and Paid up Capital	Share Premium Reserve	Fair Value Reserve of Long Term Investment at FVOCI	Surplus / (Deficit) on Remeasurement of Investments Available for Sale	General Reserve	Unappropriated Profit	
	---------- (IN RUPEES) ----------						
Balance as at July 01, 2018 - as per originally reported	70,110,000	98,350,000	-	(3,794,533)	200,000,000	74,457,767	439,123,234
Adjustment for the first time application of IFRS-9	-	-	-	3,794,533	-	(3,794,533)	-
Balance as at July 01, 2018 - as adjusted	70,110,000	98,350,000	-	-	200,000,000	70,663,234	439,123,234
Total comprehensive loss							
Loss after taxation	-	-	-	-	-	(25,186,893)	(25,186,893)
Other comprehensive income for the year	-	-	-	-	-	-	-
	-	-	-	-	-	(25,186,893)	(25,186,893)
Balance as at June 30, 2019	70,110,000	98,350,000	-	-	200,000,000	45,476,341	413,936,341
Balance as at July 01, 2019	70,110,000	98,350,000		-	200,000,000	45,476,341	413,936,341
Total comprehensive income							
Loss after taxation	-	-	-	-	-	(8,721,259)	(8,721,259)
Other comprehensive income for the year	-	-	18,245,539	-	-	-	18,245,539
	-	-	18,245,539	-	-	(8,721,259)	9,524,280
Balance as at June 30, 2020	**70,110,000**	**98,350,000**	**18,245,539**	-	**200,000,000**	**36,755,082**	**423,460,621**

The annexed notes from 1 to 34 form an integral part of these financial statements.

Muhammad Ismail

CHIEF EXECUTIVE

Abbasi.

DIRECTOR

ABBASI AND COMPANY (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(7,509,297)	(27,977,469)
Adjustments for:			
Depreciation	4.	8,277,080	9,650,899
Amortisation	5.1	437,150	420,200
Net fair value (gain) / loss on re-measurement of investments	9.3	(4,887,988)	20,535,849
Capital (loss) / gain		10,492,677	(3,232,254)
Allowance for expected credit loss	8.1	750,990	-
Gain on sale of property and equipment	19.	(1,839,565)	(18,456)
Dividend income	19.	(2,282,730)	(2,101,213)
Cash flow from operating activities before working capital changes		3,438,317	(2,722,444)
Adjustments for working capital changes:			
(Increase) / decrease in current assets			
Trade debts		(73,168)	(646,558)
Short term investments		2,016,019	10,815,601
Advances, deposits and prepayments		(4,238,723)	(4,964,517)
		(2,295,872)	5,204,526
Increase / (decrease) in current liabilities			
Trade and other payables		143,546,927	(27,710,880)
Cash generated from / (used in) operating activities		141,251,055	(22,506,354)
Income tax paid		(1,930,956)	(5,172,918)
Net cash generated from / (used in) operating activities		142,758,416	(30,401,716)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceeds from disposal of property and equipment		5,117,685	1,825,000
Payment for acquisition of property and equipment		(4,757,628)	(4,725,955)
(Increase) / decrease in long term deposits		(150,000)	58,107
Payment for acquisition of intangible asset		(258,630)	-
Dividend received		2,282,730	2,101,213
Net cash generated from / (used in) investing activities		2,234,157	(741,635)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash generated from financing activities		-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		144,992,573	(31,143,351)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		207,966,556	239,109,908
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	11.	352,959,129	207,966,556

The annexed notes from 1 to 34 form an integral part of these financial statements.

Muhammad Ismail

CHIEF EXECUTIVE

Abbasi

DIRECTOR

ABBASI AND COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Note

1. STATUS AND NATURE OF BUSINESS

Abbasi and company (private) limited (the Company) was incorporated as a private limited company in Pakistan on February 13, 1999. The Company is a TREC holder of Pakistan Stock Exchange Limited and has also acquired membership of the Pakistan Mercantile Exchange Limited. It is principally engaged in the business of brokerage, underwriting, buying and selling of stocks, shares, modaraba certificates, etc. The head office of the Company is situated at 6-Shadman, Lahore. The branch office of the Company is situated at 42-Shahrah-e-Quaid-e-Azam, Lahore.

1.1. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

Sr#	Particulars of Immovable Property	Geographical Location
1.	Head Office	6 - Shadman, Near China Chowk, Lahore, Pakistan
2.	Branch Office	42 - Shahrah-e-Quaid-i-Azam, Lahore, Pakistan

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 as applicable in Pakistan comprise of such:

- International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountant of Pakistan as are 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 Act differ from the IFRSs or IFASs, the provisions of and directives issued under the Act have been followed.

2.2 *Basis of Measurement*

These financial statements have been prepared under the historical cost convention except otherwise stated in relevant notes.

2.3 *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is the Pakistan Rupee (Rs).

2.4 *New / Revised Standards, Interpretations, Amendments and Improvements to existing approved accounting standards that are effective during the year:*

IFRS 16, 'Leases':

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value, A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments, using the modified retrospective method of adoption with the date of initial application of July 01, 2019.

In May 2020, the International Accounting Standards Board (Board) issued Covid-19-Related Rent Concessions, which amended IFRS 16 Leases. The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors.

The adoption of IFRS 16 did not have material impact on the amounts recognized in the statement of financial position, statement of profit or loss, statement of cash flows or earnings per share as the Company does not have any operating lease contract which is not short term or of immaterial value.

IFRS 14, 'Regulatory Deferral Accounts':

The objective of this standard is to specify the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. Rate regulation can create a regulatory deferral account balance. A regulatory deferral account balance is an amount of expense or income that would not be recognised as an asset or liability in accordance with other Standards, but that qualifies to be deferred in accordance with IFRS 14, because the amount is included, or is expected to be included, by a rate regulator in establishing the prices that an entity can charge to customers for rate-regulated goods or services.

The Company has assessed its impact on the financial statements and is of the view that the adoption of this standard does not have any material effect on the financial statements.

Amendment to IAS 19 'Employee Benefits, - Plan Amendment, Curtailment or Settlement':

The amendments to IAS 19 specify that an entity must:
(i) determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event and determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using:
(a) the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and
(b) the discount rate used to remeasure that net defined benefit liability (asset).
(ii) determine any past service cost or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is to be recognized In profit or loss. An entity then determine the effect of the asset ceiling after the plan amendment, curtailment or settlement Any change that effect, excluding amounts included interest, is recognized in other comprehensive income. This amendment does not have material impact on these financial statements.

Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long term investment In Associates and Joint Ventures:

The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. This amendment does not have material impact on these financial statements.

Amendment to IFRS 9 'Financial Instrument'- prepayment Features with Negative Compensation and modifications of financial liabilities (effective for annual period beginning on or after January 01,2019):

The amendment allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive Income. The amendment also clarified that gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognized in profit or loss. This amendment does not have material impact on these financial statements.

IFRIC 23 'Uncertainly over Income Tax Treatments':

IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation is not expected to have significant impact on the Company's financial statements.

Annual Improvements to IFRSs 2015-2017 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements, The amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
IAS 12 Income Taxes, The amendment clarify that all income tax consequences of dividends (including payments on financial Instruments classified as equity) are recognized consistently transaction generates the distributable profits.
IAS 23 Borrowing Costs, The amendment clarify that a company treats as of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
These amendments do not have any impact on these financial statements. The other amendments to published standards and interpretations that are mandatory for the financial year but considered not to be relevant or to have any significant impact on the Company's financial reporting and operations and are therefore not disclosed in these financial statements.

2.4.1 **New and revised IFRSs that have been issued but are not yet effective and have not been early adopted by the Company:**

Standards, interpretations and amendments to approved accounting standards, which are not yet effective and have not been early adopted by the Company but are considered to be relevant to the financial statements of the Company are detailed below:

Standards, Interpretations and Amendments		**Effective for annual periods beginning on or after**
IFRS-3	Definition of a Business (Amendments)	January 01, 2020
IFRS-9	Interest Rate Benchmark Reform (Amendment)	January 01, 2020
IAS-1	Classification of Liabilities as Current or Non-Current (Amendments)	January 01, 2023
IAS-1/8	Definition of Material (Amendments)	January 01, 2020
IAS-16	Proceeds Before Intended Use (Amendments)	January 01, 2022
IAS-37	Onerous Contracts (Amendments)	January 01, 2022

The above new amendments to standards and interpretations are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above new standards and amendments to standard and interpretations, The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

In addition to the above new standards and amendments to standard and interpretations, improvements to various accounting standards have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after January 01, 2020. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

2.4.2 **New IFRSs that have been issued by IASB, but have not yet been notified by the SECP for the purpose of applicability in Pakistan. The Company has yet to assess the impact of these standards on its financial statements:**

Standards, Interpretations and Amendments	Effective for annual periods beginning on or after
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 1, 2009
IFRS 17 - Insurance Contracts	January 01, 2022

2.5 *Use of Estimate & Judgment*

In preparing these financial statements, management has made judgment, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Information about judgments made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent year are set forth below:

Property and Equipment (refer note 3.1)
Intangible Assets (refer note 3.2)
Expected credit loss (refer note 3.14 (a) (ix)
Taxation (refer note 3.8)
Provisions (refer note 3.9 b)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant 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, except as otherwise specified, to these financial statements:

3.1 Tangible fixed assets - Property and Equipment and Depreciation

Property and equipment is stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land which is stated at cost. Cost of these assets consists of historical cost and directly attributable cost of bringing the assets to working condition. Depreciation on addition and deletion is charged on the basis of number of days the asset remains in use of the company. Assets' residual values, useful life and depreciation rates are reviewed and adjusted, if appropriate, at each reporting date. Any impairment loss, or its reversal, is also charged to statement of profit or loss. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the assets' carrying amount less the residual value over its estimated useful life. Normal repair and maintenance is charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in statement of profit or loss.

3.2 Intangible assets

These include computer software and trading rights entitlement certificate.

a) **Computer software**

These are measured on initial recognition at cost. Following initial recognition these are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The carrying amounts are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed estimated recoverable amount, these are written down to their estimated recoverable amount. Intangible assets are amortised using the straight line method over their useful life.

b) **Trading right and entitlement certificate**

These are measured on initial recognition at cost. Following initial recognition these are carried at cost less accumulated impairment, if any. Cost on initial recognition in an acquisition transaction is determined as the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of asset acquisition. When there is an exchange of assets and the fair value of neither the asset received nor the asset given up can be reliably measured, the cost of the asset received should be measured at the carrying amount of the asset given up. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed estimated recoverable amount, these are written down to their estimated recoverable amount.

3.3 Trade debts and other receivables

Trade debts and other receivables are recognized at transaction price less expected credit loss, if any. Actual credit loss experience over past year is used to base the calculation of expected credit loss. Trade debt and other receivables considered irrecoverable are written off.

3.4 Revenue recognition

Revenue from trading activities - brokerage

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

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

The Company does not expect to have contracts where the period between the services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Revenue from operating, consultancy and advisory services.

Revenue is recognized when the performance obligation is satisfied i.e. when services are provided.

Dividend income

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

Mark up / interest income

Mark-up / interest income is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

3.5 Borrowing Costs

Mark-up, interest and other charges on borrowings which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs i.e. mark-up, interest and other charges are charged to the statement of profit or loss in the period in which they are incurred.

3.6 Foreign Currency Translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange differences are included in statement of profit or loss for the year.

3.7 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.

3.8 Taxation

Income tax expenses comprise current and deferred tax.

Current

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

3.9 Employees Retirement Benefits

a) Defined contribution plan:

The company operates a funded provident fund scheme covering permanent employees and monthly equal contribution is made to the trust @10% of basic pay both by the employer and the employees.

b) Provisions

Provisions are recognized when the company has the 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 are reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

3.10 Dividend & Appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

3.11 Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost/amortized cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.12 Earning per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. 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 period. 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.

3.13 Share Capital

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

3.14 Financial Instruments

a) **Financial Assets**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. Company initially measures a financial asset at its fair value plus transaction cost. In the case of a financial asset not at fair value through profit or loss at its fair value. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

(i) **Financial assets at amortized cost**

Instruments that meet the following conditions are measured subsequently at amortized cost:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) **Financial assets at fair value through profit or loss (FVTPL)**

Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are measured at fair value through the statement of profit or loss (FVTPL). Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition. If such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

(iii) **Financial assets at fair value through other comprehensive income (FVOCI)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(iv) **Impairment of financial assets**

The Company recognizes a loss allowance for ECL on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognizes lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

(v) **Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(a) The financial instrument has a low risk of default,

(b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and

(c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations

(vi) **Definition of default**

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(vii) **Credit-impaired financial assets**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(viii) **Write-off policy**

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(ix) **Measurement and recognition of ECL.**

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

(x) **Derecognition of financial assets**

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

b) **Non-financial assets**

The Company assesses at each reporting date whether there is any indication that assets and deferred tax asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

(i) **Financial Liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. All financial liabilities are recognised initially at fair value net of directly attributable transaction costs. All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

(ii) **Financial Liabilities at FVTPL**

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the statement of profit or loss. The net gain or loss recognized in the statement of profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in the profit or loss. The remaining amount of change in the fair value of liability is recognized in the statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified of the statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued (if any) by the Company that are designated by the Company as at FVTPL are recognized in the statement of profit or loss.

(iii) **Financial liabilities measured subsequently at amortized cost**

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

(iv) **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of profit or loss.

(v) **Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.15 **Settlement date accounting**

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the transaction is settled. 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.

ABBASI AND COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

4. PROPERTY AND EQUIPMENT

	Freehold land	Building on freehold land	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
As at July 01, 2018							
Cost	164,257,807	52,112,577	2,746,201	17,023,928	16,279,794	49,092,231	301,512,538
Accumulated Depreciation	-	(33,590,762)	(1,788,780)	(9,373,000)	(13,056,575)	(20,362,283)	(78,171,400)
Net Book Value	164,257,807	18,521,815	957,421	7,650,928	3,223,219	28,729,948	223,341,138
Year ended June 30, 2019							
Opening Net Book Value	164,257,807	18,521,815	957,421	7,650,928	3,223,219	28,729,948	223,341,138
Additions	-	-	124,000	2,642,808	1,743,187	215,960	4,725,955
Disposals							
Cost	-	-	-	-	-	(2,253,560)	(2,253,560)
Accumulated Depreciation	-	-	-	-	-	447,016	447,016
	-	-	-	-	-	(1,806,544)	(1,806,544)
Depreciation	-	(1,852,182)	(105,458)	(857,612)	(1,268,921)	(5,566,726)	(9,650,899)
Closing Net Book Value	164,257,807	16,669,633	975,963	9,436,124	3,697,484	21,572,638	216,609,650
As at June 30, 2019							
Cost	164,257,807	52,112,577	2,870,201	19,666,736	18,022,981	47,054,631	303,984,933
Accumulated Depreciation	-	(35,442,944)	(1,894,238)	(10,230,612)	(14,325,496)	(25,481,993)	(87,375,283)
Net Book Value	164,257,807	16,669,633	975,963	9,436,124	3,697,485	21,572,638	216,609,650
Year ended June 30, 2020							
Opening Net Book Value	164,257,807	16,669,633	975,963	9,436,124	3,697,485	21,572,638	216,609,650
Additions	-	-	-	159,000	1,556,593	3,042,035	4,757,628
Disposals							
Cost	-	-	-	-	-	(7,680,835)	(7,680,835)
Accumulated Depreciation	-	-	-	-	-	4,402,715	4,402,715
	-	-	-	-	-	(3,278,120)	(3,278,120)
Depreciation	-	(1,666,963)	(97,596)	(948,782)	(1,234,643)	(4,329,096)	(8,277,080)
Closing Net Book Value	**164,257,807**	**15,002,670**	**878,367**	**8,646,342**	**4,019,435**	**17,007,457**	**209,812,078**
As at June 30, 2020							
Cost	164,257,807	52,112,577	2,870,201	19,825,736	19,579,574	42,415,831	301,061,726
Accumulated Depreciation	-	(37,109,907)	(1,991,834)	(11,179,394)	(15,560,139)	(25,408,374)	(91,249,648)
Net Book Value	**164,257,807**	**15,002,670**	**878,367**	**8,646,342**	**4,019,435**	**17,007,457**	**209,812,078**
Rate of Depreciation (%)	-	10%	10%	10%	30%	20%	

4.1 Details of property and equipments disposed during the year are as follows:

Sr#	Description	Buyer	Mode of disposal	Cost	Accumulated depreciation	Net book value	Sales proceeds	Gain on disposal
1.	Motor Car	Employee	Negotiation	1,150,140	791,852	358,288	515,000	156,712
2.	Motor Car	Employee	Negotiation	790,000	540,987	249,013	382,120	133,107
3.	Motor Car	Employee	Negotiation	2,522,225	1,268,735	1,253,490	2,450,000	1,196,510
4.	Motor Car	Employee	Negotiation	2,126,680	1,053,400	1,073,280	1,280,565	207,285
5.	Motor Car	Employee	Negotiation	1,091,790	747,741	344,049	490,000	145,951
				7,680,835	4,402,715	3,278,120	5,117,685	1,839,565

	Note	2020	2019
		Rupees	
5 INTANGIBLE ASSETS			
Computer Software	5.1	835,383	1,013,903
Trading rights entitlement certificate	5.2	640,000	640,000
		1,475,383	1,653,903

5.1 COMPUTER SOFTWARE - FINITE USEFUL LIFE

	2020	2019
As at July 1,		
Cost	7,082,279	7,082,279
Accumulated amortisation	(6,068,376)	(5,648,176)
Net Book Value	1,013,903	1,434,103
Year ended June 30,		
Opening Net Book Value	1,013,903	1,434,103
Additions	258,630	-
Amortisation	(437,150)	(420,200)
Closing Net Book Value	835,383	1,013,903

As at June 30,			
Cost		7,340,909	7,082,279
Accumulated amortisation		(6,505,526)	(6,068,376)
Net Book Value		835,383	1,013,903
		20%	20%

5.2 MEMBERSHIP CARD - INFINITE USEFUL LIFE

Pakistan Mercantile Exchange Limited		-	-
		-	-

5.2 TRADING RIGHTS ENTITLEMENT CERTIFICATE - INFINITE USEFUL LIFE

Pakistan Stock Exchange Limited	5.2.1	640,000	640,000
		640,000	640,000

5.2.1 TRECs were received by the Company in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. These are trading rights in Pakistan Stock Exchange which had replaced membership cards of stock exchanges pursuant to the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the 2012 Act). Subsequently from 11th January 2016 Lahore, Islamabad and Karachi Stock Exchanges have been integrated to form Pakistan Stock Exchange with the approval of SECP. Before demutualization in 2012 the stock exchanges were functioning as Guarantee Limited Companies, wherein ownership and trading rights were conferred to members through membership cards. Pursuant to demutualization, the ownership in a stock exchange has been segregated from the right to trade on the exchange. Therefore the membership cards were replaced by shares in the exchange representing ownership in the exchange and trading rights entitlement certificates (TREC) representing rights to trade in the exchange in pursuance of section 5 of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act) and with regulation 6 of the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012.

These have been carried at cost less accumulated impairment losses. The ownership in a stock exchange segregated from the right to trade on the exchange and accordingly, the Company has received equity shares of PSX and Trading Right Entitlement Certificates (TRECs) in lieu of its membership card of PSX.

The notional value of the TRE certificate was Rs. 2.5 million for the purpose of Base Minimum Capital. The base minimum capital being maintained by the Company is regularly monitored by the SECP.

	Note	2020	2019
		Rupees	
6. LONG TERM DEPOSITS			
Deposit with Central Depository Company of Pakistan Limited		100,000	100,000
Mobile deposit		101,500	101,500
Electricity and Sui gas deposit		110,200	110,200
Deposit with NCCPL		300,000	300,000
Building deposit with PMEX		2,500,000	2,500,000
Deposit for Sialkot and Faisalabad trading floors and booth		50,000	100,000
Security deposit LSE Financial Services Limited		30,000	30,000
Security deposit (NCCPL) - DFC		1,000,000	1,000,000
Deposit with PSO		400,000	300,000
Security deposit - Murabaha shares		100,000	-
Security deposit membership card- PMEX		750,000	750,000
		5,441,700	5,291,700

7. LONG TERM INVESTMENT

Investment at fair value through other comprehensive income - unquoted:			
LSE Financial Services Limited (unquoted) - at cost	7.1	1,360,000	1,360,000
Adjustment for remeasurement to fair value	7.2	18,245,539	-
		19,605,539	1,360,000

7.1 This represents trading rights in Pakistan Stock Exchange (Previously Lahore Stock Exchange Limited) and LSE Financial Services Limited shares which had replaced membership cards of stock exchanges pursuant to the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the 2012 Act). Subsequently from 11th January 2016 Lahore, Islamabad and Karachi Stock Exchanges have been integrated to form Pakistan Stock Exchange with the approval of SECP. Before demutualization in 2012 the stock exchanges were functioning as Guarantee Limited Companies, wherein ownership and trading rights were conferred to members through membership cards. Pursuant to demutualization, the ownership in a stock exchange has been segregated from the right to trade on the exchange. Therefore the membership cards were replaced by shares in the exchange representing ownership in the exchange and trading rights entitlement certificates (TREC) representing rights to trade in the exchange. As a result 843,975 shares of Rs.10/- each have been allotted to the Company out of which 60% of the shares were blocked in a separate account held with CDC and would be sold to strategic investors and general public in future at a price which remains to be finalized, proceeds of which would come to the members, while the remaining 40% were available to members with no condition on their future sale.

The Institute of Chartered Accountants of Pakistan in its 'selected opinion' concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost/carrying value of the membership card between the two distinct assets on a reasonable basis. The TREC can only be sold or transferred once, however once sold it would not be sellable / transferable again. The transaction is in nature an exchange of an intangible asset (membership card) with a financial asset (shares) together with an intangible asset (TREC).

Institute of Chartered Accountants of Pakistan further in its 'selected opinion' stressed that any subsequent measurement of the shares and / or TREC would only be possible where reliable fair values can be measured. This would most likely happen when the blocked shares are sold to the strategic investor or to the general public through an IPO and an active market develops for the TREC.

Taking to account the above factors and in the absence of an active market for TREC and shares, the value of the TREC and shares was initially measured at the value of the membership card with which they were exchanged and subsequently carried at cost. For this purpose, the value of the membership card was allocated between TREC and Shares on proportionate basis at the initial ratio of 32:68 which was determined on the basis of the estimated values of LSE shares (Rs. 8.439 million) and TREC (Rs. 4.0 million). Resultantly the shares have been recognized at Rs. 1.360 million and TREC at Rs. 0.640 million. Institute of Chartered Accountants of Pakistan further in its 'selected opinion' stated that the apportioned carrying value would be required to be tested for impairment as per IAS 36, if any. When the management and the auditor conclude that there is no impairment, they may continue to use the apportioned carrying value.

7.2 These shares are neither listed on any exchange nor are they actively traded. The latest net asset value per share of these shares as notified by LSE Financial Services Limited (Rs. 23.23 per share as at June 30, 2020, compared to Rs. 22.7 per share as at June 30, 2019). The Company has been following ICAP selected opinion on 'Trading Right Entitlement Certificate (TREC) - 20.1.06 & 1.5 Clarification Required on ICAP opinion 'accounting for de-mutualization of stock exchanges of 2013' till the prior year. In the current financial year the Board of Directors of the Company in the meeting resolved to measure the above investments on latest net asset value per shares as notified by LSE Financial Services Limited.

10. ADVANCES, DEPOSITS AND PREPAYMENTS

Advances to employees		5,251,500	4,304,000
Tax refund due from government		6,853,340	6,134,346
Short term deposits	10.1	54,855,690	113,299,601
Other advances		10,456	539,782
Prepayments		301,202	352,516
		67,272,188	124,630,245

	Note	2020	2019
		Rupees	

10.1 This includes the margin deposit and clearing deposit with PMEX and margin deposit with NCCPL that are shown below:

Clearing deposit with PMEX	10.1.1	5,989,657	6,000,805
Margin deposit with PMEX		18,866,033	84,798,796
Margin deposit with NCCPL	10.1.2	30,000,000	22,500,000
		54,855,690	113,299,601

10.1.1 This deposit represents trade exposure from members on behalf of clients' trades with PMEX.

10.1.2 This represent deposit with National Clearing Company of Pakistan Limited against exposure margin in respect of future and ready counter.

11. CASH AND BANK BALANCES

	Note	2020	2019
Cash and cash equivalents			
Cash in hand		832,325	634,947
Cash at bank			
-In current accounts		253,011,896	109,440,630
-In saving accounts	11.1	99,114,908	97,890,979
	11.2	352,126,804	207,331,609
		352,959,129	207,966,556

11.1 This carries profit at average rate of 6.75% (2019: 5.46%) per annum.

11.2 Cash at bank

-House account	71,956,252	53,743,447
-Client account	246,144,456	99,669,288
-PMEX account	34,026,096	53,918,874
	352,126,804	207,331,609

12. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

6,611,000 (2019: 6,611,000) Ordinary share of Rs. 10/- each fully paid in cash.		66,110,000	66,110,000
400,000 Ordinary share of Rs. 10/- each issued for consideration other than cash.		4,000,000	4,000,000
	30.	70,110,000	70,110,000

12.1 There is only one class of shares

13. DEFERRED TAX - NET

Deferred taxation	13.1	-	-

13.1 **Deferred tax liabilities on taxable temporary differences:**

Accelerated tax depreciation and amortisation	5,051,823	5,441,719
Deffered tax asset on deductible temporary differences:		
Loss on remeasurement of investments at FVTPL	(2,916,359)	(3,192,724)
Business loss	(489,729)	(1,593,676)
Allowance for expected credit loss	(217,787)	-
Minimum tax on brokerage commission	(1,427,948)	(655,319)
	-	-

13.2 The company, based on the future projections, has recognized deferred tax assets only to the extent of deferred tax liabilities amounting, in aggregate to Rs. 5.052 million. The company has not recognized further deferred tax asset amounting to Rs. 4.772 Million pertaining to business losses.

14. TRADE AND OTHER PAYABLES

	Note	2020	2019
		Rupees	
Creditors		246,144,456	99,669,288
Accrued expenses		591,449	650,763
PST payable		575,886	719,684
Margin with PMEX payable to clients		19,082,522	81,398,296
Other liabilities		3,023,590	5,748,719
		269,417,903	188,186,750

14.1 This includes Rs. NIL (2019: NIL) due to related parties.

15. CONTINGENCIES AND COMITTMENTS

There are no contingencies and commitments as at 30 June 2020 (2019: Nil)

16. OPERATING REVENUE

Brokerage income - Pakistan Stock Exchange	44,442,104	39,203,960
Brokerage income - Pakistan Mercantile Exchange Limited	7,066,417	5,379,042
	51,508,521	44,583,001

17. FINANCE COST

Bank charges	52,809	14,154
	52,809	14,154

	Note	2020	2019
		Rupees	
18. ADMINISTRATIVE AND OPERATING EXPENSES			
Directors' remuneration		5,447,700	5,315,400
Salaries and other benefits		23,395,538	22,108,362
Provident fund		1,119,718	1,050,384
Utility expenses		3,768,531	4,350,610
Travelling and conveyance		152,966	100,990
Agent commission		1,873,150	1,676,097
Fax and internet expenses		2,085,812	2,415,003
Postage, telegram and SMS charges		204,709	344,396
Parcels		266,887	481,823
Insurance		765,550	1,033,090
Auditors' remuneration	18.1	262,500	250,000
Legal and professional charges		3,990,120	1,712,915
Vehicle running and maintenance		3,811,059	3,469,019
Newspapers and periodicals		133,355	67,077
Printing and stationery		663,689	804,914
Repair and maintenance		1,713,106	2,927,788
Fee and subscription		1,295,594	2,476,469
Rent, rates and taxes		885,478	1,032,997
Donation		1,520,501	451,860
Entertainment		767,807	715,348
Computer expenses		669,657	1,177,073
Other expenses		2,363,483	1,153,762
Allowance for expected credit loss		750,990	-
Amortisation	5.1	437,150	420,200
Depreciation	4.	8,277,080	9,650,899
		66,622,130	65,186,476

18.1 **Auditors' remuneration**

Annual audit fee	262,500	250,000
	262,500	250,000

19. OTHER INCOME

	Note	2020	2019
Income from financial assets			
Profit on deposits with banks		6,597,161	5,583,495
Dividend income		2,282,730	2,101,213
Return on PSX exposure deposit and PMEX deposit		2,123,798	1,237,788
Income from non financial assets			
Miscellaneous income		-	6,380
Gain on sale of property and equipment	4.1	1,839,565	18,456
Client account maintenance fee		418,556	-
Client facilitation and services fee		-	462,142
Income from trade on gold mini		-	534,281
		13,261,810	9,943,755

	Note	2020	2019
20. TAXATION			
Current			
- For the year		1,078,644	1,470,127
- Prior years		133,318	100,000
Deferred			
- For the year		-	(4,360,704)
		1,211,962	(2,790,576)

20.1 Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2019. Tax returns are subject to further assessment 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 a deemed assessment order for audit.

20.2 Due to taxable losses, provision for current year income tax is based on section 113 of the Income Tax Ordinance, 2001.

	Note	2020	2019
		Rupees	

21. LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share of the company, which is based on :

	2020	2019
Loss after taxation	(8,721,259)	(25,186,893)
Weighted average number of ordinary shares	7,011,000	7,011,000
Loss per share (Rupees)	(1.24)	(3.59)

22. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts during the year for remuneration including benefits is as follows:

	June 30, 2020			June 30, 2019		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Remuneration	2,160,300	3,287,400	2,909,409	2,107,800	3,207,600	2,835,800
Provident fund	140,004	212,808	187,200	140,004	212,808	187,200
	2,300,304	3,500,208	3,096,609	2,247,804	3,420,408	3,023,000
Number of Persons	1	2	2	1	2	2

No meeting fee has been paid to any director of the company during the year (2019: Rs. Nil). Two executives are provided with company maintained car for business and personal use.

23. RELATED PARTY DISCLOSURES

Related parties comprise entities with common directorship or under influence, directors and key management personnel. Details of transactions with related parties during the year have specifically been disclosed elsewhere in these financial statements, where applicable.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

24.1 *Risk management framework*

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

A Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Committee is assisted in its oversight role by internal audit department. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Committee.

24.2 *Financial assets and liabilities by category and their respective maturities*

	June 30, 2020		June 30, 2019	
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year
	-------------------- Rs. --------------------			
Financial asset				
At amortized cost				
Long term deposits	-	5,441,700	-	5,291,700
Trade debts - unsecured and considered good	2,450,330	-	3,128,152	-
Advances, deposits and prepayments	54,855,690	-	113,299,601	-
Cash and bank balances	352,959,129	-	207,966,556	-
Fair value through other comprehensive income				
Long term investment		19,605,539		1,360,000
Fair value through profit or loss				
Short term investments	33,862,177	-	41,482,885	-
Total	444,127,326	25,047,239	365,877,194	6,651,700

	June 30, 2020		June 30, 2019	
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year
	-------------------- Rs. --------------------			
Financial liabilities at amortized cost				
Trade and other payables	268,842,017	-	187,467,066	-
Total	268,842,017	-	187,467,066	-

24.3 *Fair values estimate*

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

i) Fair value at initial recognition

The Company takes in to account factors specific to the transaction and to the asset or liability, when determining whether or not the fair value at initial recognition equals the transaction price. Except for long term deposits and employee vehicle scheme the fair value of financial assets and financial liabilities recognized in these financial statements equals the transaction price at initial recognition. Due to immaterial effect the fair value of the long-term deposits and employee vehicle scheme has not been determined and their carrying value has been assumed to be equal to their fair value.

ii) Valuation techniques and inputs used

Fair values of financial assets that are traded in active markets are based on quoted market prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length. The Company uses widely recognized valuation techniques, for determining the fair value of assets and liabilities, that use only observable market data and require little management judgement and estimation. The short term investments at fair value through profit or loss are measured at level 1 while long term investments at fair value through other comprehensive income are measured at level 2 due to unavailability of active market of blocked shares of LSE financial services limited.

	Level	June 30, 2020 Carrying Value	June 30, 2020 Fair Value	June 30, 2019 Carrying Value	June 30, 2019 Fair Value
		Rupees			
Financial assets carried at fair value:					
Long term investment	Level 2	19,605,539	19,605,539	1,360,000	-
Short term investments	Level 1	33,862,177	33,862,177	41,482,885	41,482,885

iv) Fair value of the Company's financial assets and liabilities that are not measured at fair value after initial recognition

The carrying amount of financial assets and financial liabilities recognized in these financial statements approximate their respective fair values. Fair values of financial assets and liabilities carried at amortized cost.

v) Determination of fair values:

Fair values of financial assets that are traded in active markets are based on quoted market prices for all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market / quoted price in an active market and for such financial instruments company uses observable inputs like net assets values

24.4 *Financial Risk Factors*

The Company has exposures to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

24.5 *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking to account of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would causes their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Exposure to credit risk

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts and deposits. 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.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. The Company does not expect to incur material credit losses on its financial assets.

	Note	2020	2019
		Rupees	
The carrying amount of financial assets represent the maximum credit exposure, as specified below:			
At Amortized Cost			
Long term deposits		5,441,700	5,291,700
Trade debts - unsecured and considered good		2,450,330	3,128,152
Advances, deposits and prepayments		54,855,690	113,299,601
Bank balances		352,126,804	207,331,609
		414,874,524	329,051,061

i) Credit quality and impairment:

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. Counterparties, with the exception of long-term deposits, trade debts and other receivables have external credit ratings determined by various credit rating agencies.

a) Counterparties without external credit ratings:

The counterparties for which external credit ratings are not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations. These mainly include long-term deposits, trade debts and other receivables which are considered good.

b) Counterparties with external credit ratings:

These include banking companies and financial institutions which are counterparties to cash deposits, saving deposits etc.

Following are the credit ratings of the counterparties with external credit ratings:

Bank Name	Agency	Date	Short term rating	Long term rating	2020 Rupees	2019 Rupees
MCB Bank Ltd	PACRA	June 30, 2020	A-1+	AAA	3,844,618	6,400,781
Allied Bank Ltd	PACRA	June 30, 2020	A-1+	AAA	171,171	171,241
Habib Bank Ltd	JCR-VIS	June 30, 2020	A-1+	AAA	17,856	17,856
Bank Al Habib Ltd	PACRA	June 30, 2020	A-1+	AA+	348,093,160	200,741,731
					352,126,804	207,331,609

24.6 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 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 the financial liabilities. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

	2020			
	Carrying amount	Contractual cash flow	Less than one year	More than one year
	------------------- Rupees -------------------			
Financial liabilities				
Trade and other payables	268,842,017	268,842,017	268,842,017	-

	2019			
	Carrying amount	Contractual cash flow	Less than one year	More than one year
	------------------- Rupees -------------------			
Financial liabilities				
Trade and other payables	187,467,066	187,467,066	187,467,066	-

24.7 MARKET RISK

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

Foreign Exchange Risk Management

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. The company is not significantly exposed to currency risk as the company does not maintain bank accounts in foreign currencies.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts. The Company's interest rate risk arises from short term cash finance facility. The company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into accounts various other financing options available.

Price Risk

Price risk represents the risk that fair value of financial instrument will fluctuate because of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all or similar financial instruments traded in the market. The company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 33.862 Million (2019: Rs. 41.482 Million) at the reporting date. The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The table below summarises the Company's equity price risk as of 30 june 2020 and shows the effect of a hypothethical 10% increase and a 10% decrease in market prices as at the year end.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders equity
	Rupees	Rupees	Rupees	Rupees
June 30, 2020	33,862,177	10% increase	37,248,395	2,404,215
		10% decrease	30,475,959	(2,404,215)
June 30, 2019	41,482,885	10% increase	45,631,174	2,945,285
		10% decrease	37,334,597	(2,945,285)

The sensitivity analysis prepared is not necessarily indicative of the effects on equity / investments of the Company.

Sensitivity analysis

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

25. CAPITAL RISK MANAGEMENT

25.1 The Company's objective when managing capital is to safe guard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stake holders and to maintain strong capital base to support the development of its business.

The company does not obtained any financing facility and working with 100% equity financing, therefore no gearing is identified.

	2020	2019
	-----Rupees-----	
25.2 The Capital adequacy level as required by CDC is calculated as follows:		
Total Assets	**694,738,524**	603,983,091
Less: Total Liabilities	**(269,417,903)**	(188,186,750)
Less: Revaluation Reserves (created upon revaluation of fixed assets)	-	-
Capital Adequacy Level	**425,320,621**	415,796,341

While determining the value of the total assets of the TREC holder, notional value of the TRE certificate held by Abbasi & Company (Private) Limited as at June 30, 2020 as determined by Pakistan Stock Exchange has been considered.

25.3 NET CAPITAL BALANCE

Net 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	NOTE	2020 *RUPEES*
CURRENT ASSETS			
Cash and bank balances	As per book value		348,607,077
Trade receivables	Book value less overdue for more than 14 days		173,604
Investment in listed securities in the name of broker.	Securities marked to market less 15% discount		28,782,850
			377,563,531
CURRENT LIABILITIES			
Trade payables	Book value less overdue for more than 30 days		230,195,262
Other liabilities	As per book value		20,084,357
			250,279,619
Net capital balance as at June 30, 2020			**127,283,913**

25.4 Notes to the net capital balance of Company

(i) Cash and bank balances

Cash in hand	506,369
Exposure margin deposited to NCCPL	30,000,000
Bank balance pertaining to clients	246,144,456
Bank balance pertaining to brokerage house	71,956,252
	348,607,077

(ii) Trade receivables

Gross value	2,955,427
Less: Overdue for more than 14 days - book value	(2,781,823)
	173,604

(iii) Investment in listed securities in the name of broker

Securities marked to market	33,862,177
Less: 15% discount	(5,079,327)
	28,782,850

(iv) Trade payables

Book value	246,144,456
Less: overdue for more than 30 days	(15,949,194)
	230,195,262

(v) Other liabilities

Creditors overdue for more than 30 days	15,949,194
PST payable	520,124
Accrued liabilities and other payables	3,615,039
	20,084,357

25.5 LIQUID CAPITAL BALANCE

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	209,812,078	100.00%	-
1.2	Intangible Assets	1,475,383	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)			-
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.	33,862,177	5,846,187	28,015,990
	ii. If unlisted, 100% of carrying value.	19,605,539	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 Securites 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.	1,550,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	30,000,000	-	30,000,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.		-	-
1.11	Other deposits and prepayments	940,902	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	Receivables other than trade receivables	5,660,169	100.00%	-
1.16	**Receivables from clearing house or securities exchange(s)**			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	125,537	0.00%	125,537
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 receivalbes are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, *iii. Net amount after deducting haricut*		-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. *iv. Balance sheet value*	3,253	0.00%	3,253
	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*	1,441,995	0.00%	1,441,995
	vi. 100% haircut in the case of amount receivable form related parties.		100.00%	-
1.18	**Cash and Bank balances**			
	I. Bank Balance-proprietory accounts	71,956,252	-	71,956,252
	ii. Bank balance-customer accounts	246,144,456	-	246,144,456
	iii. Cash in hand	506,369	-	506,369
1.19	Total Assets	623,084,110		378,193,852
2. Liabilities				
2.1	Trade Payables			
	i. Payable to exchanges and clearing house		-	-
	ii. Payable against leveraged market products		-	-
	iii. Payable to customers	246,144,456	-	246,144,456
2.2	Current Liabilities			
	i. Statutory and regulatory dues	520,124	-	520,124
	ii. Accruals and other payables	3,615,039	-	3,615,039
	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 Liabilites**	250,279,619		250,279,619
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 securites lending and borrowing**			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (Ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3	**Net underwriting Commitments**			
	(a) in the case of right issuse : if the market value of securites 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 issuse where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
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 cuurency 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 securites. **In the case of financee/seller** the market value of underlying securities after applying haircut less the total amount received ,less value of any securites 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	624,835	-	624,835
3.9	**Opening Positions in futures and options**			
	i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts	-	-	-
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	**Short selll 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 proprietory 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 Liabilites**	624,835	-	624,835
		372,179,657	Liquid Capital	127,289,398

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.19)			378,193,852
(ii) Less: Adjusted value of liabilities (serial number 2.5)			(250,279,619)
(iii) Less: Total ranking liabilities (series number 3.11)			(624,835)
			127,289,398

Basis of Measurement

The statement has been prepared under histroical cost convesntion except investment in listed securities which are measured on fair value. Commission may issue guidelines and clarifications in respect of the treatment of any component of Liquid Capital including any modification, deletion and inclusion in the calculation of Adjusted value of assets and liabilities to address any practical difficulty.

26. NUMBER OF EMPLOYEES

Number of employees at year end	51	51
Average number of employees during the year	51	51

27. PROVIDENT FUND TRUST

The Company has maintained an employees' provident fund trust and investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose. The information of the fund is based on un-audited financial statements of the fund for the year ended 30 June 2020:

		2020	2019
		RUPEES	*RUPEES*
Size of fund		18,491,577	15,116,146
Cost of investments made	27.1	748,000	717,400
Percentage of investments made		4.05%	6.04%
Fair value of investments		-	-

27.1 These represent investments in shares of listed equity securities and funds.

27.2 Balance in scheduled banks

Saving account	17,743,577	14,398,746

28. DETAIL OF SECURITIES AS PER BACK OFFICE RECORD AND CDC RECORD

As per Back Office Record	Own Account	Client Account	As per CDC Record	Own Account	Client Account
	No. of Shares		No. Of Shares		
Securities held	1,380,008	286,883,584	Securities available	653,508	151,243,942
			Securities pledged with PSX.	726,500	30,000
			Securities pledged with banks	-	66,463,327
			Securities freeze with CDC	-	68,997,573
			Reconciling Entries:		
			1-Physical securities.	-	-
			2-Transfer sec. for CDC.	-	980
			3-Pending out securities	-	147,762
Total	1,380,008	286,883,584	**Total**	1,380,008	286,883,584

29. DETAIL OF SECURITIES PLEDGED

	No. of Shares	Amount
-House account	726,500	17,102,535
-Client account	66,493,327	678,933,377
	67,219,827	696,035,912

30. PATTERN OF SHARE HOLDING

CATEGORIES OF SHAREHOLDERS			
DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN	SHAREHOLDERS	SHARES HELD	PERCENTAGE
NAME:-			
1 - Syed Muhammad Ismail Abbasi		4,886,790	69.70%
2 - Syed Awais Ali Abbasi		3,505	0.05%
3 - Syed Farooq Ali Abbasi		641,638	9.15%
4 - Mrs. Yasmeen Ismail		904,419	12.90%
5 - Syed Muhammad Umar Abbasi		574,648	8.20%
Associated companies, undertakings and related	NIL	NIL	NIL
Executives	NIL	NIL	NIL
Public sector companies and corporations	NIL	NIL	NIL
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds.	NIL	NIL	NIL
Others	NIL	NIL	NIL
TOTAL	5	7,011,000	100.00%

SHAREHOLDERS HOLDING 5% OR MORE.

NAME	SHARES HELD	PERCENTAGE
Syed Muhammad Ismail Abbasi	4,886,790	69.70%
Syed Farooq Ali Abbasi	641,638	9.15%
Mrs. Yasmeen Ismail	904,419	12.90%
Syed Muhammad Umar Abbasi	574,648	8.20%

31. <u>IMPACT OF COVID - 19</u>

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. During the lock down, the Company continued its operations and implemented all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees and its customers. Due to the disruption in operating activities of the Company caused by the pandemic, the management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, 'Financial Instruments';
- the impairment of tangible assets under IAS 36, 'Impairment of non financial assets'; and
- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

32. <u>DATE OF AUTHORIZATION FOR ISSUE</u>

These financial statements have been authorized for issue on 07 October 2020 by the Board of Directors of the Company.

33. <u>CORRESPONDING FIGURES</u>

Comparative figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison. Rearrangements have been made in these financial statements for better presentation of the financial statements.

34. <u>GENERAL</u>

Figures have been rounded off to the nearest rupee.

Muhammad Ismail

CHIEF EXECUTIVE

DIRECTOR