MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2020

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
A Member firm of
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit 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 (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the other information. The other information comprises the directors' report 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 scepticism throughout the audit. We also:

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

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

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.

The engagement partner on the audit resulting in this independent auditor's report is **Ahsan Elahi Vohra - FCA**

Naveed Zafar Ashfaq Jaffery
Chartered Accountants

Dated : 06 OCT 2020
Karachi :

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non-current assets			
Property and equipment	6	3,800,486	4,247,919
Intangible asset	7	2,500,000	2,500,000
Long term investment	8	-	14,055,522
Long term deposits	9	600,000	600,000
		6,900,486	21,403,441
Current assets			
Trade debts	10	8,882,330	9,087,184
Other receivables	11	68,890	69,682
Advance tax-net of provision		5,253,320	6,153,954
Short term investment	12	48,193,127	39,421,954
Bank balances	13	10,020,622	7,678,044
		72,418,289	62,410,818
Total assets		79,318,775	83,814,259
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
5,500,000 (2019: 5,500,000) ordinary shares of Rs. 10 each		55,000,000	55,000,000
Issued, subscribed and paid up capital	14	55,000,000	55,000,000
Advance against issue of shares		10,000	10,000
Unappropriated profit		13,368,782	8,690,338
Unrealised gain on remeasurement of available for sale investments		-	11,424,760
Total equity		68,378,782	75,125,098
Current liabilities			
Trade and other payables	15	10,939,993	8,689,161
Total equity and liabilities		79,318,775	83,814,259
Contingencies and commitments	16	-	-

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

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Mr Tariq

CHIEF EXECUTIVE

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DIRECTOR

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

	Note	2020 Rupees	2019 Rupees
Operating revenue	17	3,004,010	1,975,937
Capital gain/(loss) on sale of investments		12,407,011	(1,388,944)
Gain/(Loss) on re-measurement of investments carried at fair value through profit or loss		(6,619,211)	(9,669,500)
		8,791,810	(9,082,507)
Administrative expenses	18	(8,058,801)	(7,783,420)
Operating loss		733,009	(16,865,927)
Finance cost	19	(678)	(1,017)
Other income	20	4,700,613	4,050,747
Profit/(Loss) before taxation		5,432,944	(12,816,197)
Taxation	21	(754,500)	(24,699)
Profit/(Loss) for the year		4,678,444	(12,840,896)
Profit/(Loss) per share - basic and diluted	22	0.09	(0.23)

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

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CHIEF EXECUTIVE

DIRECTOR

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

	2020 Rupees	2019 Rupees
Profit/(Loss) for the year	4,678,444	(12,840,896)
Unrealised loss on re-measurement of 'available for sale' investments	(11,424,760)	(7,298,060)
Total comprehensive loss for the year	(6,746,316)	(20,138,956)

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

CHIEF EXECUTIVE

DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	5,432,944	(12,816,197)
Adjustments for:		
Depreciation	447,433	505,948
(Gain)/Loss on investment	(5,787,800)	11,058,444
Finance cost	678	1,017
	(5,339,689)	11,565,409
Operating profit/(loss) before working capital changes	93,255	(1,250,788)
Working capital changes		
Decrease /(Increase) in current assets		
Trade debts - considered good	204,854	(442,167)
Other receivables	792	(22)
	205,646	(442,189)
(Decrease) /Increase in current liabilities		
Trade and other payables	(2,250,832)	3,190,277
Net cash (used in)/generated from operations	(1,951,931)	1,497,300
Financial charges paid	(678)	(1,017)
Taxes paid	(989,162)	(1,735,502)
	(989,840)	(1,736,519)
Net cash (used in) operating activities	(2,941,771)	(239,219)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(18,500)
Sale of investments - net	5,284,349	7,127,722
Net cash generated from investing activities	5,284,349	7,109,222
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(6,050,000)
Net cash used in financing activities	-	(6,050,000)
Net increase in cash and cash equivalents during the year	2,342,578	820,003
Cash and cash equivalents at the beginning of the year	7,678,044	6,858,041
Cash and cash equivalents at the end of the year	10,020,622	7,678,044

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

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CHIEF EXECUTIVE

DIRECTOR

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

	Issued, Subscribed and paid up capital	Advance against issue of shares	Unappropriated Profit	Unrealised gain on remeasurement of investments	Total
	-------------------	-------------------	Rupees	-------------------	-------------------
Balance as at June 30, 2018	55,000,000	10,000	27,581,234	18,722,820	101,314,054
Interim dividend paid during the year	-	-	(6,050,000)	-	(6,050,000)
Total comprehensive loss for the year ended June 30, 2019	-	-	(12,840,896)	(7,298,060)	(20,138,956)
Balance as at June 30, 2019	55,000,000	10,000	8,690,338	11,424,760	75,125,098
Total comprehensive profit for the year ended June 30, 2020			4,678,444	(11,424,760)	(6,746,316)
Balance as at June 30, 2020	55,000,000	10,000	13,368,782	-	68,378,782

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

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CHIEF EXECUTIVE

DIRECTOR

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

1 STATUS AND NATURE OF BUSINESS

Muhammad Tariq Moti Securities (Private) Limited ("the Company") was incorporated under the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) on April 9, 2013 as a private limited company. The Company is a corporate TREC holder of Pakistan Stock Exchange Limited. The registered office of the Company is located at Room # 36, 1st Floor, Stock Exchange Building, Stock Exchange Road, Karachi. The principal activities of the Company include trading and brokerage for equities, underwriting of public issues etc.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions of or directives issued under the Companies Act, 2017 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except, for certain property and equipment and intangible assets, which have been stated at revalued amounts and financial assets and financial liabilities which have been stated at their fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to nearest rupee.

2.4 Use Of Estimates And Judgements

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in the next year are described in the following notes:

- Property and equipment and depreciation (refer note 5.1)
- Intangible assets and amortization (refer note 5.2)
- Trade debts (refer note 5.8)
- Taxation (refer note 5.9

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3 New and amended standards and interpretations

There is a new standard and certain amendments and an interpretation to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020 . However, the standard, amendments and interpretation will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

4 INITIAL APPLICATION OF IFRS 16

An overview of the new lease accounting requirements for lessees

With effect from July 01, 2019, the Company has adopted the International Financial Reporting Standard (IFRS) 16 Leases which replaced the previous lease accounting requirements contained in IAS 17 Leases, IFRIC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC Interpretation 15 Operating Leases— Incentives and SIC Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single on-balance sheet lease accounting model for lessees whereby, at the date of commencement of lease, a lessee is required to recognize a right-of -use asset and a lease liability (except in case short term leases and leases of low value assets). The right-of-use asset represents the lessee's right to use an underlying asset during the lease term and the corresponding lease liability represents the lessee's obligation to make payments to the lessor for providing the right to use that asset. In the IASB's view, this new lessee accounting model reflects the economics of a lease because, at the commencement date, a lessee obtains the right to use an underlying asset for a period of time, and the lessor had delivered that right by making the asset available for use by the lessee.

The aforesaid new accounting model materially differs from the previous lease accounting requirements for lessees risks and rewards incidental to ownership were substantially transferred to the lessee. Under the previous standard, at the commencement of the lease term, the lessee recognized finance leases as assets and liabilities in its statement of financial position. However, the lessee recognized the payments made under operating leases as an expense on a straight line basis over the lease term unless another systematic basis was more representative of the time pattern of the user's benefit.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies and methods of computation have been consistently applied to all the periods presented, unless otherwise stated.

5.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any;

Depreciation is charged to profit and loss by applying reducing balance method on the date of purchase and on disposals upto the month immediately preceding the disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized;

Gain and losses on disposal of fixed assets, if any, included in profit and loss account currently;

The Company reviews the useful lives and residual value of its assets on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge.

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5.2 *Right-of-use asset*

Effective July 1, 2019, the right-of-use asset is initially measured based on the initial measurement of lease liability, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

5.3 Intangible assets

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

5.4 Investments

All investments are initially recognized at fair value, being the cost of the consideration given including transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the profit and loss account.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchase and sales are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sale an asset.

The management determines the appropriate classification of the investment made by the Company in accordance with the requirements of International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and measurement at the time of purchase.

The Company classifies its investments in the following categories.

Financial assets' at fair vale through profit or loss-held for trading.

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as ' financial assets at fair value through profit or loss-held for trading'. Subsequent to initial recognition, these investments are marked-to-market and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

Held to maturity investment

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available-for-sale' Subsequent to initial measurement, available-for-sale' investments are re-measured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity. However, any premium or discount on acquisition of debt securities is amortized and taken to the profit and loss account over the life of the

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investment using the effective interest rate method. When securities are disposed of or impaired, the related fair value adjustments previously taken to equity are transferred to the profit and loss account.

Fair value for listed securities are the quoted prices on stock exchange on the date it is valued, Fair value of Term Finance Certificates, units of open end Mutual Funds and Government Securities are determined on the basis of rates notified by Mutual Fund Association of Pakistan for Term Finance Certificates, relevant redemption prices for the open-end Mutual Fund and quotations obtained from the PKRV sheets for Government Securities respectively. Unquoted securities are valued at cost.

5.5 Revenue recognition

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

- Brokerage income is recognized as and when such services are provided.
- Interest income is recognized at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.

- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise and marked to market gains accumulated in other comprehensive income are transferred to profit and loss account in the year in which investments are disposed off.

5.6 Trade debts

These are stated at net of provision for doubtful debts. Full provision is made against the debts considered doubtful.

5.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid investment that are convertible to known amounts of cash and are subject to insignificant risk of change in value, and short-term running finance under mark-up arrangements.

5.8 Taxation

The provision for current taxation is based on taxable income at the current rates of taxation. The company does not provide for deferred taxation as the timing differences are not likely to reverse in the foreseeable future.

5.9 Financial assets

Classification and initial measurement

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

(a) financial assets measured at amortized cost.

(b) fair value through other comprehensive income (FVOCI);

(c) fair value through profit or loss (FVTPL); and

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

(a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or

(b) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company to at initial recognition.

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

(c) Financial assets at FVTPL

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

Such financial assets are initially measured at fair value.

Subsequent measurement

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

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

Impairment

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

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

De-recognition

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

Financial liabilities

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

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

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets 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 profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

5.10 Financial instrument

Financial asset and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost respectively. The Company derecognizes the financial assets and liabilities when it ceases to be party to such contractual provisions of the instruments. Financial instrument mainly comprise investments, trade and other receivables, cash and bank balances, deposit, borrowings, trade and other payable, accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

6 PROPERTY AND EQUIPMENT

	2020			
	Office Equipment	Computer Equipment	Office Room	Total
COST				
As on July 1, 2019	168,025	219,500	4,874,135	5,261,660
Additions	-	-	-	-
Disposals	-	-	-	-
As at June 30, 2020	**168,025**	**219,500**	**4,874,135**	**5,261,660**
ACCUMULATED DEPRECIATION				
As at July 1, 2019	65,363	131,960	816,418	1,013,741
For the year	15,399	26,262	405,772	447,433
On disposals	-			-
As at June 30, 2020	80,762	158,222	1,222,190	1,461,174
Written down value as at June 30, 2020	87,263	61,278	3,651,945	3,800,486
Depreciation rates per annum (%)	15%	30%	10%	

	2019			
	Office Equipment	Computer Equipment	Office Room	Total
COST				
As on July 1, 2018	149,525	219,500	4,874,135	5,243,160
Additions	18,500	-	-	18,500
Disposals	-	-		-
As at June 30, 2019	168,025	219,500	4,874,135	5,261,660
ACCUMULATED DEPRECIATION				
As at July 1, 2018	47,790	94,443	365,560	507,793
For the year	17,573	37,517	450,858	505,948
On disposals	-			-
As at June 30, 2019	65,363	131,960	816,418	1,013,741
Written down value as at June 30, 2019	102,662	87,540	4,057,717	4,247,919

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	Note	2020 Rupees	2019 Rupees
7 INTANGIBLE			
Opening carrying value-TREC	7.1	2,500,000	2,500,000
Impairment loss		-	-
		2,500,000	2,500,000

7.1 These represent Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSE) in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act).

During the year PSX directed all TRE holders through its letter dated November 10, 2017 to revise the value of its TREC to 2.5 million for the purpose of Base Minimum Capital requirement.

8 LONG TERM INVESTMENT

Pakistan Stock Exchange Limited

	Note	2020 Rupees	2019 Rupees
'Available for sale' investments	8.1	-	14,055,522

8.1

2019 (No. of shares)	2018 (No. of shares)			
1,602,953	4,007,283	Opening balance	14,055,522	21,353,582
-	(1,602,953)	Sold to strategic investor(40% shares)		-
-	-	Unrealized (loss)/gain for the year	(11,424,760)	(7,298,060)
(521,759)	(801,377)	Sold to general public	(2,630,762)	-
1,081,194	1,602,953		-	14,055,522

In August 2019, shares of Pakistan Stock Exchange Limited (PSX) previously marked as freezed by the Central Depository Company of Pakistan Limited (CDC) were un-freezed and sold during the year

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		Note	2020 Rupees	2019 Rupees
9	**LONG TERM DEPOSITS**			
	PSX Ready Trading Deposits		200,000	200,000
	Central Depositary Company - Security Deposit		100,000	100,000
	National Clearing Company Of Pakistan		300,000	300,000
			600,000	600,000
10	**TRADE DEBTS**			
	Trade debts - considered good	10.1	8,882,330	9,087,184
10.1	**Ageing analysis**			
	Within 5 days		-	43,135
	Above 5 days		8,882,330	9,044,049
			8,882,330	9,087,184

This include PKR 3.45 million (2019: 3.62 million) due from related party.

			2020 Rupees	2019 Rupees
11	**OTHER RECEIVABLES**			
	Other receivables		67,332	67,332
	Receivable from NCCPL		1,558	2,350
			68,890	69,682
12	**SHORT TERM INVESTMENT- at fair value through profit or loss ' Held for trading'**			
	Quoted equity securities		48,193,127	39,421,954
13	**BANK BALANCES**			
	Cash at bank			
	- Main account		386,997	1,234,339
	- Client account		9,633,625	6,443,705
			10,020,622	7,678,044

14 **ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

Number of shares 2020	2019		2020 Rupees	2019 Rupees
5,000,000	5,000,000	Ordinary shares of Rs. 10 each fully paid (issued for consideration other than cash)	50,000,000	50,000,000
500,000	500,000	Ordinary shares of Rs. 10 each fully paid (issued for cash)	5,000,000	5,000,000
5,500,000	5,500,000		55,000,000	55,000,000

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	Note	2020 Rupees	2019 Rupees
15 TRADE AND OTHER PAYABLES			
Trade payables		9,633,624	6,443,705
Accrued expenses		465,461	1,495,413
Other liabilities		840,908	750,043
		10,939,993	8,689,161

16 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as on the balance sheet date (2019: Nil).

	Note	2020 Rupees	2019 Rupees
17 OPERATING REVENUE			
Brokerage income		3,004,010	1,975,937
IPO Commission		-	-
		3,004,010	1,975,937
18 ADMINISTRATIVE EXPENSES			
Director's remuneration	23	3,090,000	3,160,000
Staff salaries and allowances		2,490,000	2,054,000
PSX monthly charges		484,938	478,455
Clearing house fee		146,255	110,280
Printing and stationery		26,613	5,170
Utilities expense		205,392	164,320
Professional tax		-	110,402
Travelling and conveyance		-	2,890
Entertainment		101,220	102,085
Audit fee	18.1	120,000	120,000
Vehicle running expenses		303,701	288,548
Computer maintenance and papers		287,780	266,425
CDC charges		291,589	343,465
NCCPL charges		-	5,000
SECP charges		63,880	66,432
Depreciation		447,433	505,948
		8,058,801	7,783,420
18.1 Auditors' Remuneration			
Audit fee		60,000	60,000
Certification		60,000	60,000
		120,000	120,000
19 FINANCE COST			
Bank charges		678	1,017
20 OTHER INCOME			
Dividend		4,700,613	4,008,325
CDC and NCCPL		-	42,422
		4,700,613	4,050,747

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		2020 Rupees	2019 Rupees
21	**TAXATION**		
	Current	754,500	24,699
		754,500	24,699

22 EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED

		2020	2019
Profit/(Loss) after taxation	*Rupees*	*4,678,444*	*(12,840,896)*
Weighted average number of shares	*Number of shares*	55,000,000	55,000,000
Earning/(Loss) per share - basic and diluted	*Rupees*	0.09	(0.23)

23 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND DIRECTORS

	Chief Executive Officer		Directors	
	2020	2019	2020	2019
	---------- Rupees ----------			
Managerial remuneration	1,920,000	1,920,000	1,170,000	1,080,000
Bonus	-	160,000	-	160,000
	1,920,000	2,080,000	1,170,000	1,240,000
Number of persons	1	1	1	1

24 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk, liquidity risk and off balance sheet risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

24.1 Market risk

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

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Pakistan Stock Exchange.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

24.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to currency risk as all the transactions of the Company are denominated in Pak Rupees.

24.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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24.4 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company was exposed to listed and quoted securities price risk because of investments held by the Company and classified on the balance sheet as at fair value through profit or loss. To manage its price risk arising from investments the Company mainly invests in mutual funds and listed shares and maintains diversified portfolio.

24.5 Credit risk

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from trade debts, investments and deposits with banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating. To manage exposure to credit risk on its investments, the Company manages a portfolio of investments which consists of securities issued by the Government and reputable entities. To secure against the risk of default from debtors, the Company obtains collateral from its customers. The maximum exposure to credit risk is equal to the carrying amounts of financial assets less the amount of collaterals held.

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at June 30, 2019 is the carrying amount of the financial assets. The maximum exposure to credit risk at reporting date is:

	Note	2020 Rupees	2019 Rupees
Long term deposits	9	600,000	600,000
Trade debts	10	8,882,330	9,087,184
Other receivables	11	68,890	69,682
Bank balances	13	10,020,622	7,678,044
		19,571,842	17,434,910

24.6 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company's liquidity management involves projecting cash flows and maintaining level of liquid assets necessary to meet these risks.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

		June 30, 2020				June 30, 2019			
	Note	Total	Upto Three Months	More Than Three months and upto One Year	More Than One Year	Total	Upto Three Months	More Than Three months and upto One Year	More Than One Year
		Rupees							
Trade and other payables	15	10,939,993	10,939,993	-	-	8,689,161	8,689,161	-	-

24.7 **Capital management**

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

25 **CAPITAL ADEQUACY LEVEL**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.
Net Capital and Liquid Capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirments are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Capital adequacy level as required by CDC is calculated as follows:

	2020	2019
	Rupees	Rupees
Total assets	79,318,775	83,814,259
Less :Total liabilties	(10,939,993)	(8,689,161)
Less: Revaluation Reserves (Created upon revaluation of fixed assets)	-	-
Capital adequacy level	68,378,782	75,125,098

While determining the value of the total assets of the TREC holder, notional value of the TRE certificate as at year ended as determined by Pakistan Stock Limited has been considered.

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25.1 NET CAPITAL BALANCE AS AT JUNE 30, 2020

DESCRIPTION	VALUATION BASIS	VALUE	
		(Amount in Rupees)	
CURRENT ASSETS			
Cash in hand	As per book value	-	
Cash at bank:			
- Pertaining to brokerage house	As per book value	386,997	
- Pertaining to clients	As per book value	9,633,625	
- Deposit against exposure and losses with Pakistan Stock Exchange		-	
Total bank balances	As per book value		**10,020,622**
Trade Receivable			
	Book Value	8,882,330	
	Less: overdue for more than 14 days	(8,882,330)	-
Investment in Listed Securities in the name of broker			
	Market value	23,565,577	
	Less: 15% discount	(3,534,837)	**20,030,740**
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	3,586,934	**3,586,934**
Listed Term Finance Certificates/Corporate Bonds	Market value		
(Not less than BBB grade)	Less: 10% discount	-	-
Federal Investment Bonds	Market value	-	
	Less: 5% discount	-	-
Treasury bills	Market value		-
			33,638,296
CURRENT LIABILITIES			
Trade Payable	Book value	9,633,624	
	Less: Overdue for more than 30 days	(2,852,175)	**6,781,449**
Other liabilities	As classified under the generally accepted accounting principles.		**1,306,369**
Overdue for more than 30 days			**2,852,175**
			10,939,993
NET CAPITAL AS AT JUNE 30, 2020			**22,698,303**

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25.2 Computation of Liquid Capital
As on June 30, 2020

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	3,800,486	100.00%	-
1.2	Intangible Assets	2,500,000	100.00%	-
1.3	Investment in Govt. Securities	-	-	-
1.4	**Investment in Debt. Securities**		-	-
	If listed than:		-	-
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
1.5	**Investment in Equity Securities**			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	23,565,577	4,343,083	19,222,494
	ii. If unlisted, 100% of carrying value.	-	100.00%	-
	iii.Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been alloted or are not included in the investments of securities broker.		-	-
	iv.100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)		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.	600,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.		-	-
1.10	Deposit with authorized intermediary against borrowed securities under SLB.		-	-
1.11	Other deposits and prepayments		100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)		-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties		100.00%	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (*Securities purchased under repo arrangement shall not be included in the investments.)*	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	-	-	
	ii. Receivables other than trade receivables	68,890	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.	-	100,000	-
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*	-	-	-
	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*	5,431,867	3,532,117	3,532,117
	vi. 100% haircut in the case of amount receivable form related parties.	3,450,463	100.00%	-
1.18	**Cash and Bank balances**			
	i. Bank Balance-proprietory accounts	386,997	-	386,997
	ii. Bank balance-customer accounts	9,633,625	-	9,633,625
	iii. Cash in hand		-	-
1.19	**Total Assets**	49,437,905		32,775,233
2. Liabilities				

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2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	9,633,624	-	9,633,624
2.2	**Current Liabilities**			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	465,461	-	465,461
	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	840,908	-	840,908
2.3	**Non-Current Liabilities**			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease	-	-	-
	b. Other long-term financing			
	ii. Staff retirement benefits	-	-	-
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Boad of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.	-	-	-
	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	**Subordinated Loans**	-	-	-
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.	-	-	-
	ii. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.5	**Total Liabilites**	10,939,993		10,939,993
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	-	-	-
	Opening Positions in futures and options			

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3.9	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	-	-	-

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.19)	32,775,233
(ii) Less: Adjusted value of liabilities (serial number 2.5)	(10,939,993)
(iii) Less: Total ranking liabilities (series number 3.11)	-
	21,835,240

Note: Commission may issue guidelines and clarifications in respect of the treatment of any component of Liquid Capital including any modification.

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26 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise subsidiaries, directors and their close family members, major shareholders of the Company, key management personnel and other companies under common management. Transactions with related parties are on arm's length. Remuneration of the chief executives and directors is disclosed in note 21 to the financial statements. Transactions with related parties during the year, other than those disclosed elswhere in these financial statements, are as follows

	2020	2019
	---------- (Rupees) ----------	
Transactions with related parties		
Key Management Personnel		
Received from director	177,394	710,591
Balances with related parties		
Receivable from director	3,450,463	3,627,857

27 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISKS

The Company purchases and sells securities as either principal or agents on behalf of its customers. If either the customer or a counterparty fails to perform, the Company may be required to discharge the obligation on behalf of the non-performing party. In such circumstances, the Company may sustain a loss if the market value of the security is different from the contracted value of the transaction less any margin deposits that the Company has on hand. Where the customer operates through institutional delivery system, the Company is not exposed to this risk.

The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with the customers and other financial institutions in case of money market brokerage. The Company seeks to control its credit risk through a variety of reporting and controls procedures, including establishing credit limits based upon a review of the counterparties' financial condition. The Company monitors collateral levels on a regular basis and requests changes in collateral level as appropriate or if considered necessary.

28 NUMBER OF EMPLOYEES

The total number of employees at the balance sheet date were 6 (2019:6) and average number of employees during the year were 6 (2019:6).

29 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 06-10-2020 by the Board of Directors of the Company.

30 GENERAL

The figures have been rounded of to the nearest rupee.

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CHIEF EXECUTIVE

DIRECTOR