ABM SECURITIES (PVT) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **ABM SECURITIES (PVT) LIMITED**, which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss and statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

e) the company has duly complied with the requirements of Section 78 of the Securities Act, 2015, and relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at June 30, 2019.

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

CHARTERED ACCOUNTANTS

Lahore: 30 SEP 2019

ABM SECURITIES (PVT.) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	279,167	338,192
Intangible assets	7	1,562,433	1,562,433
Long term investment	8	18,236,138	8,691,913
Long term deposits	9	400,000	500,000
		20,477,738	11,092,538
CURRENT ASSETS			
Trade debts	10	1,275,986	4,349,973
Loans and advances	11	8,000	8,000
Investment at fair value through profit and loss	12	6,144,882	8,697,064
Trade deposits, short term prepayments and current account balance with statutory authorities	13	1,087,486	910,279
Cash and bank balances	14	4,473,704	37,971,216
		12,990,058	51,936,532
		33,467,796	63,029,070
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	15,000,000	15,000,000
Accumulated loss		(3,576,654)	(51,992)
Fair value adjustment reserve		15,698,872	6,154,646
		27,122,218	21,102,654
LONG TERM LOAN FROM CHIEF EXECUTIVE	16	600,000	-
		27,722,218	21,102,654
NON CURRENT LIABILITIES			
Deferred taxation	17	-	-
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	18	106,689	151,414
Trade and other payables	19	4,979,336	41,662,808
Accrued mark-up	20	39,518	12,194
Loan from banking company	21	620,035	100,000
		5,745,578	41,926,416
CONTINGENCIES AND COMMITMENTS	22	-	-
		33,467,796	63,029,070

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

Neelam Bachlas Mirza

CHIEF EXECUTIVE DIRECTOR

ABM SECURITIES (PVT.) LIMITED
STATEMENT OF PROFIT OR LOSS ACCOUNT
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Brokerage and commission	23	2,298,181	2,711,643
Capital gain on marketable securities		-	14,632
		2,298,181	2,726,275
Direct cost	24	(354,126)	(384,421)
		1,944,055	2,341,854
Operating expenses	25	(3,789,376)	(4,055,851)
Other operating expense	26	(2,566,342)	(1,500,202)
Other income	27	1,216,747	859,807
		(5,138,971)	(4,696,246)
LOSS FROM OPERATIONS		(3,194,916)	(2,354,392)
Finance cost	28	(171,275)	(83,312)
LOSS BEFORE TAXATION		(3,366,191)	(2,437,704)
Taxation	29	(158,471)	(379,521)
LOSS FOR THE YEAR		(3,524,662)	(2,817,225)
EARNINGS PER SHARE - BASIC AND DILUTED	30	(2.35)	(2.02)

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

Neelam Bachas Mirza

CHIEF EXECUTIVE **DIRECTOR**

ABM SECURITIES (PVT.) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
AS AT JUNE 30, 2019

	2019 Rupees	2018 Rupees
Loss for the year	(3,524,662)	(2,817,225)
Items that will not be reclassified subsequently to profit and loss account		
Gain/(loss) on revaluation on investment at FVTOCI	9,544,226	(2,796,602)
Items that may be reclassified subsequently to profit and loss account	-	-
Other comprehensive income/ (loss) for the year	9,544,226	(2,796,602)
Total comprehensive income/ (loss) for the year	6,019,564	(5,613,827)

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

CHIEF EXECUTIVE

Neelam Baelas Mirza
DIRECTOR

ABM SECURITIES (PVT.) LIMITED
STATEMENT OF CASH FLOWS
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(3,366,191)	(2,437,704)
Adjustments of items not involving movements of cash:			
Depreciation	6	59,025	70,960
Provision for doubtful debts		351,786	536,048
Dividend income	27	(864,961)	(859,807)
Mark-up on running finance	28	157,902	74,082
Loss on remeasurement of investment	12	2,566,342	964,154
		2,270,094	785,437
Operating cash Flows Before Working capital changes		(1,096,097)	(1,652,267)
(Increase) / Decrease in Working Capital			
(Increase) / decrease in current assets			
Account receivables		2,722,202	7,675,079
Increase / (decrease) in current liabilities			
Deposits, accrued liabilities and advances		(44,725)	13,765
Trade and other payables		(36,683,472)	7,031,774
		(34,005,995)	14,720,618
Cash Generated From Operations		(35,102,092)	13,068,351
Taxes paid		(335,678)	(389,010)
Finance cost paid		(130,578)	(61,888)
		(466,256)	(450,898)
Net Cash Flows From Operating Activities		(35,568,348)	12,617,453
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets purchased		-	(28,500)
Investment at fair value through profit and loss		(14,160)	(19,177)
Long term deposit		100,000	
Dividend income		864,961	859,807
Net Cash Flows From Investing Activities		950,801	812,130
CASH FLOWS FROM FINANCING ACTIVITIES			
Share capital		-	5,000,000
Director's loan reciept/(repayment)		600,000	(5,000,000)
Net Cash Flows From Financing Activities		600,000	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(34,017,547)	13,429,582
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		37,871,216	24,441,634
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	3,853,669	37,871,216
A Cash and Cash Equivalents			
Short term running finance	21	(620,035)	(100,000)
Cash and bank balances	14	4,473,704	37,971,216
		3,853,669	37,871,216

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

Neelam Balas Mirza

CHIEF EXECUTIVE **DIRECTOR**

ABM SECURITIES (PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT JUNE 30, 2019

	Paid up share capital	Acumulated loss	Fair value adjustment reserve	Sub total	Long term loan	Total
	--------- (R	u	p e	e	s) ---------	
Balance as at June 30, 2017	**10,000,000**	**2,765,233**	**8,951,248**	**21,716,481**	**5,000,000**	**26,716,481**
Shares issued during the year	5,000,000	-	-	5,000,000	-	5,000,000
Loan repaid during the year	-	-	-	-	(5,000,000)	(5,000,000)
Loss for the year	-	(2,817,225)	-	(2,817,225)	-	(2,817,225)
Other comprehensive loss	-	-	(2,796,602)	(2,796,602)	-	(2,796,602)
Total comprehensive loss for the year	-	(2,817,225)	(2,796,602)	(5,613,827)	-	(5,613,827)
Balance as at June 30, 2018	**15,000,000**	**(51,992)**	**6,154,646**	**21,102,654**	**-**	**21,102,654**
Loan received during the year	-	-	-	-	600,000	600,000
Loss for the year	-	(3,524,662)	-	(3,524,662)	-	(3,524,662)
Other comprehensive income	-	-	9,544,226	9,544,226	-	9,544,226
Total comprehensive income for the year	-	(3,524,662)	9,544,226	6,019,564	-	6,019,564
Balance as at June 30, 2019	**15,000,000**	**(3,576,654)**	**15,698,872**	**27,122,218**	**600,000**	**27,722,218**

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

CHIEF EXECUTIVE

Neelam Baclas Mirza

DIRECTOR

ABM SECURITIES (PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 COMPANY AND ITS OPERATION

1.1 The company was incorporated as Private Limited Company on February 10, 2004 under the repealed Companies Ordinance, 1984. The company is engaged in the business of share brokerage and investment in securities. The registered office of the Company is situated at 5th Floor, Room # 506, 19- Khayaban-e-Aiwan-e-Iqbal, Lahore Stock Exchange Building, Lahore.

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

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

- Estimation of provision against doubtful trade debts
- Valuation of investment in ordinary shares of LSE Financial Services Limited
- Useful life of depreciable assets
- Intangible assets
- Taxation

3 New standards, amendments to approved accounting standards and new

3.1 Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 2019

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2018 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts', and the related interpretations on revenue recognition.

  IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those promised goods or services.

  As a result, the Company has considered affects due to application of this standard and concluded that there is no material impact resulting from such adoption.

- IFRS 9 'Financial Instruments' - This standard replaces guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities derecognition of financial instruments, impairment of financial assets and hedge accounting; it also includes an expected credit losses impairment model that replaces the current incurred loss impairment model.

  As a result of application of IFRS 9, the company elected to present in other comprehensive income changes in fair value of equity investment previously classified as available-for-sale, as this investment is not for trading. As a result, asset with a fair value of Rs.8.69 million was reclassified from available-for-sale financial asset to financial asset at fair value through other comprehensive income (FVTOCI) on July 01, 2018. Further, all financial assets previously classified under the head 'loans and receivables' are now classified as 'amortised cost'.

3.2 New standards, amendments to approved accounting standards and interpretations that are effective for the Company's accounting periods beginning on or after July 1,

There are certain new standards, amendments and interpretations to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 PROPERTY AND EQUIPMENT

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

Depreciation is charged on reducing balance method at the rates mentioned in the relevant notes to the financial statements. Depreciation on additions is charged for the month in which an asset is acquired while no depreciation is charged for the month in which an asset is disposed off. Normal repair and maintenance is charged to revenue as and when incurred, while major renewals and replacements are capitalized.

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

4.2 INTANGIBLE ASSETS

Intangible assets with finite useful life are stated at cost less amortization and impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where carrying value exceeds estimated recoverable amount, it is written down to estimated recoverable amount.

4.2.1 Membership card and offices

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

4.2.2 Computer Software

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

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

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

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

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

4.3 Financial instruments

4.3.1 Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

a) *Financial assets at amortised cost*

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and 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. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

b) *Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and 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.

c) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets/mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

4.3.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

4.3.3 Off-setting of financial assets and financial liabilities

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

4.4 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognised in the statement of profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit or loss.

4.5 TRADE DEBTS AND OTHER RECEIVABLES

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest method. Impairment of trade debts and other receivables is described in note 4.3.

4.6 CASH AND CASH EQUIVALENTS

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

4.7 SHARE CAPITAL

Ordinary shares are classified as equity and recognized at their face value.

4.8 BORROWINGS

Borrowings are recorded initially at fair value, net of transaction cost incurred.

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

4.9 TAXATION

Current

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

Deferred

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

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

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

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

4.10 TRADE AND OTHER PAYABLES

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

4.11 PROVISIONS

Provisions are recognized when the company has a legal or constructive obligation as a result of past events and it is probable that an out flow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognized and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognized and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.12 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

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

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

4.13 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of non-financial assets other than inventories, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised as an expense in the profit of loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessment of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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, net of depreciation or amortisation, if no impairment loss had been recognised. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

4.14 REVENUE RECOGNITION

Revenue is recognised when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable, net of any discounts and sales tax. Revenue is recognized on the following basis:

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

4.15 BASIC AND DILUTED EARNINGS PER SHARE

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

4.16 RELATED PARTY TRANSACTIONS

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method. Transactions with related parties have been disclosed in the relevant notes to the financial statements.

4.17 TRADE DATE ACCOUNTING

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

5 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

During the current year, economic and political scenarios' deterioration had immense adverse effects on the performance of the equity bourse, depressing sentiments in the investment climate and subsequently denting volumes, resultantly our short term investment portfolio yielded meager profits. This is reflected in Profit and Loss account.

We refer to profit and loss account and notes to the financial statements for understanding of performance of the company.

6 PROPERTY AND EQUIPMENT

Particulars	Cost			Accumulated Depreciation				WDV
	As at June 30, 2018	Additions	As at June 30, 2019	Rate %	As at June 30, 2018	Charge for the year	As at June 30, 2019	As at June 30, 2019
	------------ R u p e e s ----------				------------ R u p e e s ----------			
OWNED								
Furniture and fittings	639,062	-	639,062	10	560,491	7,857	568,348	70,714
Computers	685,763	-	685,763	30	559,738	37,808	597,546	88,217
Electric equipments	194,382	-	194,382	10	60,786	13,360	74,146	120,236
	1,519,207	**-**	**1,519,207**		**1,181,015**	**59,025**	**1,240,040**	**279,167**

6.1 PROPERTY AND EQUIPMENT

Particulars	Cost			Accumulated Depreciation				WDV
	As at June 30, 2017	Additions	As at June 30, 2018	Rate %	As at June 30, 2017	Charge for the year	As at June 30, 2018	As at June 30, 2018
	------------ R u p e e s ----------				------------ R u p e e s ----------			
OWNED								
Furniture and fittings	639,062	-	639,062	10	551,761	8,730	560,491	78,571
Computers	657,263	28,500	685,763	30	512,352	47,386	559,738	126,025
Electric equipments	194,382	-	194,382	10	45,942	14,844	60,786	133,596
	1,490,707	**28,500**	**1,519,207**		**1,110,055**	**70,960**	**1,181,015**	**338,192**

	Note	2019 Rupees	2018 Rupees
7 INTANGIBLE ASSETS			
Rights of room		500,000	500,000
Trading right entitlement certificate (TREC)	7.1	1,062,433	1,062,433
		1,562,433	1,562,433

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

	Note	2019 Rupees	2018 Rupees
8 LONG TERM INVESTMENT			
Unquoted - Shares of LSE Financial Services Limited:			
At fair value through other comprehensive income			
Cost as at July 01,		2,537,266	2,537,266
Fair value adjustment		15,698,872	6,154,647
	8.1	18,236,138	8,691,913

8.1 Pursuant to the promulgation of the Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (The Act), The Lahore Sock Exchange Limited, now LSE Financial Services Limited had allotted 843,975 shares of the face value of Rs. 10 each to the TREC holder. All shares are held in freeze status in the respective CDC sub-account of the TREC holder. The divestment of the same will be made in accordance with the requirements of the Act within one year from the date of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Company has pledged 843,875 shares of LSE Financial Services Limited with the Pakistan Stock Exchange to fulfill the Base Minimum Capital requirement.

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

		Note	2019 Rupees	2018 Rupees
9	**LONG TERM DEPOSITS**			
	Deposits with:			
	National Clearing Company of Pakistan Ltd.		400,000	500,000
10	**TRADE DEBTS**			
	Receivable from clients on account of:			
	Purchase of shares on behalf of clients		1,459,672	1,019,855
	Receivable from related party	10.1	2,547	1,460
			1,462,219	1,021,315
	Less: Provision for doubtful debts	10.3	(186,233)	(538,019)
		10.4	1,275,986	483,296
	Receivable from National Clearing Company of Pakistan Limited		-	3,866,677
			1,275,986	4,349,973

10.1 Receivable from related parties comprises of the following:

Name	Basis of relationship	Maximum aggregate amount Rupees	2019 Rupees	2018 Rupees
Mr. Waqar Asif Baig Mirza	Son of CEO	2,547	2,547	319
Mr. Hamayun Baig Mirza	Son of CEO	3,002	-	1,141
			2,547	1,460

10.2 Ageing analysis of the amounts due from related parties as follows:

	Upto 1 months	1 to 6 months	More than 6 months	As at June 30, 2019
	-----------------	-----Rupees-----	-----------------	-----------------
Mr. Waqar Asif Baig Mirza	-	2,547	-	2,547

10.3 Movement is as follows

	Note	2019 Rupees	2018 Rupees
Opening Balance		538,019	1,971
Provision made during the year		(351,786)	536,048
	10.3.1	186,233	538,019

10.3.1 This includes provision amounting Rs. 2,547 (2018: Rs.1,460) against receivable from Mr. Waqar Asif Baig Mirza. Provision is based on balances outstanding for more than 5 days exceeding market value of holding securities after VAR haircut.

10.4 Age Analysis

	2019 Rupees	2018 Rupees
Upto five days	751,009	202,403
More than five days	524,977	280,893
	1,275,986	483,296

11 LOANS AND ADVANCES

	2019 Rupees	2018 Rupees
Advances to: (unsecured but considered good)		
Employees	8,000	8,000

12 INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Note	2019 Rupees	2018 Rupees
Investment - listed companies			
Carrying value as on July 01,		8,711,224	9,661,218
Loss on remeasurement of investment at fair value		(2,566,342)	(964,154)
	12.1	6,144,882	8,697,064

12.1 This includes shares having value of Rs. 2,773,330 (2018: Rs. 3,182,455) pledged with financial institutions and Rs. 2,676,950 (2018: Rs. 4,723,891) pledged with National Clearing Company of Pakistan Limited.

	Note	2019 Rupees	2018 Rupees
13 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES			
Tax deducted at source		1,087,486	910,279

	Note	2019 Rupees	2018 Rupees
14 CASH AND BANK BALANCES			
These were held as under:			
Cash in hand		35,445	35,445
Cash at bank:			
In current accounts			
Pertaining to brokerage house		49,445	136,087
Pertaining to clients		4,388,814	37,799,684
		4,438,259	37,935,771
		4,473,704	37,971,216

15 SHARE CAPITAL

	2019	2018
Authorized		
1,500,000 (2018: 1,500,000) ordinary shares of Rs.10 each	15,000,000	15,000,000
Issued, subscribed and paid up		
1,500,000 (2018: 1,500,000) ordinary shares of Rs.10 each fully paid in cash	15,000,000	15,000,000

15.1 Movement account

	2019	2018
Balance as at July 01,	15,000,000	10,000,000
500,000 (2018: 15,000,000) ordinary shares of Rs. 10 issued during the year	-	5,000,000
	15,000,000	15,000,000

15.2 Pattern of Shareholding:

Categories of shareholders	2019		2018	
	Number of shares held	% of shares held	Number of shares held	% of shares held
Individual -Directors				
Mr. Asif Baig Mirza	1,125,000	75%	1,125,000	75%
Mrs. Neelam Barlas Mirza	375,000	25%	375,000	25%
	1,500,000	100%	1,500,000	100%

N

		Note	2019 Rupees	2018 Rupees
16	**LONG TERM LOAN FROM CHIEF EXECUTIVE**			
	Loan from Mr. Asif Baig Mirza	16.1	600,000	-

16.1 Loan from directors:

	2019	2018
Balance as at July 01,	-	5,000,000
Add: Loan obtained during the year	600,000	-
Less: Loan repaid during the year	-	(5,000,000)
	600,000	-

16.2 This represented interest free loan obtained from Mr. Asif Baig Mirza director of the company.

		Note	2019 Rupees	2018 Rupees
17	**DEFERRED TAXATION**			
	Deferred credits/(debits) arising due to:			
	Accelerated tax depreciation		23,988	25,989
	Provision for doubtful debts		(40,634)	(112,928)
	Minimum tax		(28,727)	-
	Brought forward losses		(231,257)	(59,415)
			(276,630)	(146,354)
	Balance as at July 01,		-	-
	Add: Charge for the year		-	-
			-	-

17.1 At year end net deductible temporary differences amounting Rs. 883,562 (2018:Rs. 504,669) which results in a net deferred tax asset of Rs. 276,630 (2018:Rs. 146,354). However, deferred tax asset has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2020.

		Note	2019 Rupees	2018 Rupees
18	**DEPOSITS, ACCRUED LIABILITIES AND ADVANCES**			
	Accrued expenses		106,689	151,414
			106,689	151,414

	Note	2019 Rupees	2018 Rupees
19 TRADE AND OTHER PAYABLES			
Creditors for sale of shares on behalf of clients	**19.1& 19.2**	2,786,078	41,662,808
Payable to National Clearing Company of Pakistan Limited		2,193,258	
		4,979,336	41,662,808

19.1 The total value of securities pertaining to clients are Rs. 157.86 million (2018: Rs. 199.35 million) held in sub-accounts of the company. No security is pledged by client to the financial institutions except for NCCPL amounting Rs. 4.45 million (2018: Rs. 1.234 million) against exposure.

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

Name of related party	Basis of relationship	Note	2019 Rupees	2018 Rupees
Mrs. Neelam Barlas	Director		35	3,958
Mrs. Anam Asif Mirza	Director's Daughter		109	-
Mr. Humayun Baig Mirza	Director's Son		558	-
			702	3,958

20 ACCRUED MARK-UP

	2019	2018
Mark-up accrued on short term borrowings	-	12,194
	-	12,194

21 LOAN FROM BANKING COMPANIES

	Note	2019	2018
Short term borrowings from:			
Habib Bank Limited - Running finance (secured)	**21.1**	620,035	100,000
		620,035	100,000

21.1 This facility has been obtained from Habib Bank Limited with sanction limit of Rs.10 million (2018: Rs.10 million) for working capital. Rate of mark up is three months Average KIBOR (Ask) plus 300 bps p.a. (2018: three months average KIBOR (Ask) plus 300 bps p.a.) payable on quarterly basis. This facility is secured by pledge of shares and personal guarantees of directors.

22 CONTINGENCIES AND COMMITMENTS

Contingencies

Claim against the company not acknowledged as debt Rs.nil (2018: Rs.nil).

Commitments

Commitments as at reporting date were Rs. Nil (2018: Rs. Nil).

	2019 Rupees	2018 Rupees

23 BROKERAGE AND COMMISSION

	2019 Rupees	2018 Rupees
Proprietary customers	-	450
Retail customers	2,665,890	3,144,690
	2,665,890	3,145,140
Less: Sales tax	(367,709)	(433,497)
	2,298,181	2,711,643

23.1 Retail Customers include the following amount earned from related parties in lieu of commission:

Name of related party	Basis of relationship	Note	2019 Rupees	2018 Rupees
Mrs. Neelam Barlas	Director		9,495	1,218
Mr. Humayun Baig Mirza	Son of CEO		338	-
			9,833	1,218

24 DIRECT COST

	2019 Rupees	2018 Rupees
Charges paid to:		
National Clearing Company of Pakistan Ltd.	105,209	123,907
Central Depositry Company of Pakistan Ltd.	203,035	206,829
Investor protection fund	7,469	8,531
SECP fee	7,206	8,207
Service charges	31,207	36,947
	354,126	384,421

25 OPERATING EXPENSES

	Note	2019 Rupees	2018 Rupees
Director's remuneration		900,000	1,069,134
Staff salaries and benefits		1,631,832	1,801,000
Rent, rates and taxes		25,944	52,734
Communication expenses		172,550	146,112
Utility charges		108,599	114,564
Postage and courier charges		14,431	19,769
Printing and stationery		54,025	56,441
Repair and maintenance		145,278	164,225
Vehicle running and maintenance		98,440	-
Computer software maintenance		151,291	45,940
Legal and professional charges	25.1	108,695	180,255
Fee and subscription		115,400	34,188
Insurance		2,605	3,012
Newspapers and periodicals		5,539	5,846
Entertainment		79,841	49,779
Advertisement and business promotion expenses		21,449	16,815
Depreciation	6	59,025	70,960
Others		94,432	225,077
		3,789,376	4,055,851

25.1 It includes auditor's remuneration as detailed below:

Auditors' remuneration	Note	2019 Rupees	2018 Rupees
Amin, Mudassar & Co.			
Chartered Accountants			
Audit fee		57,750	54,600
Certificaion fee		6,195	21,540
Corporate services		-	18,734
		63,945	94,874

26 OTHER OPERATING EXPENSE

Loss on remeasurement of investment at fair value through profit and loss	2,566,342	964,154
Provision for doubtful debts	-	536,048
	2,566,342	1,500,202

27 OTHER INCOME

Income from financial assets		
Dividend income	864,961	859,807
Reversal of provision for doubtful debts	351,786	-
	1,216,747	859,807

28 FINANCE COST

Mark-up on loan from banking companies	157,902	74,082
Bank charges	13,373	9,230
	171,275	83,312

29 TAXATION

Income tax:		
-Current	158,471	379,521
-Prior year	-	-
-Deferred	-	-
	158,471	379,521

29.1 Income tax assessment of the Company have been finalized up to tax year 2018 on the basis of returns filed as the company did not receive any notice in this respect.

29.2 No numeric tax rate reconciliation is presented for the current and prior year in these financial statements as the company is either liable to pay tax under final tax regime or alternate corporate tax under the Income Tax Ordinance, 2001.

30 EARNINGS PER SHARE - BASIC AND DILUTED

	2019	2018
Loss for the year-Rupees	(3,524,662)	(2,817,225)
Weighted average number of ordinary shares outstanding during the year	1,500,000	1,395,890
Earnings per share-Rupees	(2.35)	(2.02)

31 NUMBER OF EMPLOYEES

	2019	2018
	(Number)	
Total number of employees at the end of year	5	5
Average number of employees during the year	5	5

32 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTOR

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

	2019		
	Chief Executive	Director	Total
	-------------Rupees-------------		
Managerial remuneration	610,000	290,000	900,000
Number of persons	1	1	2

	2018		
	Chief Executive	Director	Total
	-------------Rupees-------------		
Managerial remuneration	727,134	342,000	1,069,134
Number of persons	1	1	2

33 TRANSACTIONS WITH RELATED PARTIES

Significant transcations and balances with of related parties have been disclosed in the relevant notes to the financial statements.

34 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

	2019 Rupees	2018 Rupees
Financial assets		
At fair value through other comprehensive income:		
Long term investment	18,236,138	8,691,913
Investment at fair value through profit and loss		
Investment - listed companies	6,144,882	8,697,064
At Amortised Cost:		
Long term deposits	400,000	500,000
Trade debts	1,275,986	4,349,973
Loans and advances	8,000	8,000
Cash and bank balances	4,473,704	37,971,216
	6,157,690	42,829,189
Financial liabilities		
Financial liabilities at amortized cost		
Deposits, accrued liabilities and advances	106,689	151,414
Trade and other payables	4,979,336	41,662,808
Accrued mark-up	39,518	12,194
Short- term borrowings	620,035	100,000
	5,745,578	41,926,416

35 FINANCIAL RISK MANAGEMENT

35.1 The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

a) Credit Risk

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

Exposure to Credit Risk

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

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, which are detailed as follows:

		2019 Rupees	2018 Rupees
Long term investment		18,236,138	8,691,913
Investment at fair value through profit and loss		6,144,882	8,697,064
Long term deposits		400,000	500,000
Trade debts	35.1.1	1,275,986	4,349,973
Loans and advances		8,000	8,000
Bank balances	35.1.2	4,438,259	37,935,771
		30,503,265	60,182,721

35.1.1 The maximum exposure to credit risk for trade debts is due from local clients and the aging of trade debts at the reporting date was:

	2019 Rupees	2018 Rupees
Upto 1 month	2,292	4,182,023
1 to 6 months	1,227,738	162,843
More than 6 months	45,956	5,107
	1,275,986	4,349,973

Based on the past experience the management believes that no impairment allowance is necessary in respect of unprovided past due amounts as there are reasonable grounds to believe that the amounts will be recovered in short course of

35.1.2 Concentration of Credit Risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate exposure is significant in relation to the Company's total exposure. 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.

Geographically there is no concentration of credit risk.

The credit quality of Company's liquid funds can be assessed with reference to external credit ratings as follows:

	Note rating	2019 Rupees	2018 Rupees
Cash at banks	A1+	4,438,259	37,935,771

b) Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

	2019			
	Carrying Amount	Contractual Cash Flows	Maturity up to one year	Maturity after one year
	Rupees			
Deposits, accrued liabilities and advances	106,689	106,689	106,689	-
Trade and other payables	4,979,336	4,979,336	4,979,336	-
Accrued mark-up	39,518	39,518	39,518	-
Loan from banking company	620,035	620,035	620,035	-
	5,745,578	5,745,578	5,745,578	-

	2018			
	Carrying Amount	Contractual Cash Flows	Maturity up to one year	Maturity after one year
	R	u p	e e	s
Deposits, accrued liabilities and advances	151,414	151,414	151,414	-
Trade and other payables	41,662,808	41,662,808	41,662,808	-
Accrued mark-up	12,194	12,194	12,194	
Loan from banking company	100,000	100,000	100,000	-
	41,926,416	41,926,416	41,926,416	-

Liquidity Risk Management

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the company ensures that it has sufficient cash on demand to meet expected operational cash flows, including serving of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. Further, the company has the support of its sponsors in respect of any liquidity shortfalls.

c) **Market Risk**

Market risk means that the fair value or 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 / mark up rate risk and price risk. The market risks associated with the Company's business activities are discussed as under:

i) **Foreign Currency Risk**

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

ii) Price Risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the company to incur significant mark to market and credit losses. The Company is exposed to equity price risk since it has investments in quoted equity securities and also the company holds collaterals in the form of equity securities against their debtor balances at the reporting date.

Sensitivity Analysis

The table below summarizes Company's equity price risk as of June 30, 2019 and 2018 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices of investments through profit and loss as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

	Fair Value	Hypothetical Price Change	Estimated Fair Value After Hypothetical Change In Price	Hypothetical Increase /(Decrease) in Share Holders' Equity
	Rupees		**Rupees**	**Rupees**
June 30, 2019	6,144,882	10% increase	6,759,370	614,488
		10% decrease	5,530,394	(614,488)
June 30, 2018	8,697,064	10% increase	9,566,770	869,706
		10% decrease	7,827,358	(869,706)

iii) Interest Rate Risk

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

The effective interest / mark-up rates in respect of financial instruments are mentioned in respective notes to the financial statements.

Sensitivity Analysis

The company is exposed to interest rate risk in respect of its variable rate instruments. A 100 basis points increase in variable interest rates would have decreased profit by Rs. 6,200 (2018: Rs. 10,000). A 100 basis points decrease in variable interest rate would have had an equal but opposite impact on profit. This sensitivity analysis is based on assumption that all variables, with the exception of interest rates, remain unchanged.

35.2 Fair value of financial instruments

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

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short - term in nature or periodically reprised.

International Financial Reporting Standard 13, 'Financial Instruments : Disclosure' requires the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	2019		
	Level 1	Level 2	Level 3
	--------------------Rupees--------------------		
Financial assets			
Investment at fair value through profit and loss	6,144,882	-	-
Investment at FVTOCI	-	18,236,138	-
	6,144,882	18,236,138	-

	2018		
	Level 1	Level 2	Level 3
	--------------------Rupees--------------------		
Financial assets			
Investment at fair value through profit and loss	8,697,064	-	-
Investment at FVTOCI	-	8,691,913	-
	8,697,064	8,691,913	-

35.3 Capital risk management

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

In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings. Total capital fair value reserve and interest free long term loan obtained from the cheif executive of the company classified as per TR- 32 are included in shareholders' equity:

	2019	2018
	Rupees	Rupees
Total borrowings	620,035	100,000
Total equity	27,722,218	21,102,654
Total Capital	28,342,253	21,202,654
Gearing Ratio	2.19%	0.47%

36 OPERATING SEGMENT

36.1 These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

36.2 All non-current assets of the Company as at June 30, 2019 are located in Pakistan.

37 CORRESPONDING FIGURES

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

38 GENERAL

Figures have been rounded off to the nearest of rupee.

39 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on ____________________ by the Board of Directors of the Company.

Neelam Baylas Mitter.

CHIEF EXECUTIVE DIRECTOR