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TIME SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
[illegible]

Private & Confidential

Crowe Hussain Chaudhury & Co.
Chartered Accountants

TIME SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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Crowe Hussain Chaudhury & Co.
Chartered Accountants
Member Crowe Global

F-4/2, Mustafa Avenue,
Behind The Forum
Block 9, Clifton, Karachi, Pakistan.
+92 21 35877806-10
www.crowe.pk

Other Offices in Lahore & Islamabad

Independent Auditor's Report
To the members of Time Securities (Private) Limited
Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit and loss and other 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 30 June 2020 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

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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.
- We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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- From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
b) the statement of financial position, the statement of profit or loss and 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; and
d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Crowe Hussain Chaudhury & Co.

Crowe Hussain Chaudhury & Co.
Chartered Accountants

Karachi
Date: 05 OCT 2020

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

	Note	2020	2019
		------ (Rupees) ------	
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital			
400,000 (2019: 400,000) ordinary shares of Rs. 100 each	6	40,000,000	40,000,000
Issued, subscribed & paid-up capital	7	35,000,000	35,000,000
Sponsors' loan		54,757,484	63,707,484
Surplus on revaluation of investments		2,131,656	8,055,522
Unappropriated profit		98,116,550	89,458,289
		190,005,690	196,221,295
Current Liabilities			
Trade and other payables	8	40,147,776	22,810,842
Short term running finance - secured	9	20,442,704	1,519,288
Provision for taxation		10,359,908	385,290
		70,950,388	24,715,421
Contingencies and Commitments	10		
Total Equity and Liabilities		**260,956,078**	**220,936,715**
ASSETS			
Non-Current Assets			
Property and equipment	11	3,092,735	3,486,420
Intangible assets - TRE certificate	12	2,500,000	2,500,000
Long term investment	13	-	14,055,521
Deferred taxation	14	865,514	234,625
Long term deposits	15	2,806,151	1,906,151
		9,264,400	22,182,717
Current Assets			
Investment in margin financing	16	1,687,960	5,132,192
Trade debtors	17	71,689,803	28,814,216
Advances, deposits, prepayments and other receivables	18	118,619,786	96,444,141
Short term investments	19	37,871,579	50,370,409
Cash and bank balances	20	21,822,549	17,993,039
		251,691,678	198,753,998
Total Assets		**260,956,078**	**220,936,715**

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

CHIEF EXECUTIVE **DIRECTOR**

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

	Note	2020	2019
		------- *(Rupees)* ------	
Revenue			
Brokerage commision		14,265,223	12,749,329
Gain / (loss) on sale of investment		79,647,234	(6,839,774)
Unrealized (loss) on remeasurement of investments at fair value through profit or loss - net		(1,675,396)	(11,478,268)
		92,237,061	(5,568,714)
Administrative and operating expenses	21	(36,746,717)	(39,052,953)
		55,490,344	(44,621,666)
Other income	22	15,181,201	14,531,450
		70,671,545	(30,090,216)
Finance cost	23	(1,996,439)	(788,059)
Profit / (loss) before taxation		68,675,106	(30,878,275)
Taxation	24	(10,016,845)	(2,418,259)
Profit / (loss) after tax		**58,658,261**	**(33,296,534)**

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

CHIEF EXECUTIVE **DIRECTOR**

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

	2020	2019
	------- *(Rupees)* ------	
Profit / (loss) after taxation	58,658,261	(33,296,534)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified subsequently to profit or loss	-	-
Total comprehensive income / (loss) for the year	**58,658,261**	**(33,296,534)**

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

CHIEF EXECUTIVE

DIRECTOR

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

	2020	2019
	------- (Rupees) ------	
Cash Generated from Operations		
(Loss) / Profit before taxation	68,675,106	(30,878,275)
Adjustments for		
Depreciation	398,700	454,553
Finance cost	1,996,439	788,059
(Gain) / (loss) on disposal of investment	(79,647,234)	6,839,774
Bad debts written off directly	-	628,293
Provision for bad debts	-	593,974
Loss / (gain) on remeasurement of investments - net	1,675,396	11,478,268
	(75,576,699)	20,782,921
	(6,901,593)	(10,095,354)
Changes in working capital		
(Increase) in current assets		
Trade debts	(39,431,355)	(2,122,311)
Advance, deposits, prepayments and other receivables	(22,514,781)	37,519,083
Short term investments	12,498,830	7,084,560
	(49,447,306)	42,481,332
(Decrease)/increase in current liabilities		
Trade and other payables	17,336,934	(6,613,156)
	(39,011,965)	25,772,822
Finance cost paid	(2,564,984)	(877,253)
Income tax paid	(333,981)	(7,518,835)
Net cash generated from operating activities	(41,910,930)	17,376,734
Cash Flows From Investing Activities		
Proceeds from disposal of investments	28,960,908,452	15,124,346,257
Purchase of investments	(28,925,141,427)	(15,143,797,371)
Fixed capital expenditure	-	(13,000)
Net cash generated from investing activities	35,767,025	(19,464,114)
Cash Flow From Financing Activities		
Running finance	18,923,416	1,519,288
Sponsors' loan	(8,950,000)	(8,500,000)
Net cash generated from finacing activities	9,973,416	(6,980,712)
Net increase in cash and cash equivalents	3,829,510	(9,068,093)
Cash and cash equivalents at the beginning of the year	17,993,039	27,061,132
Cash and cash equivalents at the end of the year	**21,822,549**	**17,993,039**

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

CHIEF EXECUTIVE **DIRECTOR**

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

Description	Issued, subscribed & paid-up capital	Unappropriated profit	Sponsers' loan (4.18)	Surplus on revaluation of investments	Total reserves	Total
	--------	--------	--------(Rupees)--------	--------	--------	
Adjusted balance as at 1 July 2018	35,000,000	122,754,822	72,207,484	15,353,582	185,152,054	245,315,889
Loan paid during the year	-	-	(8,500,000)	-	(8,500,000)	(8,500,000)
Total comprehensive loss for the year	-	(33,296,534)	-	(7,298,060)	(40,594,594)	(40,594,594)
Balance as at June 30, 2019	35,000,000	89,458,289	63,707,484	8,055,522	136,057,461	196,221,295
Balance as at July 01, 2019	35,000,000	89,458,289	63,707,484	8,055,522	136,057,461	196,221,295
Loan repaid during the year	-	-	(8,950,000)	-	(8,950,000)	(8,950,000)
Total comprehensive loss for the year	-	58,658,261	-	(5,923,866)	52,734,395	52,734,395
Interim dividend paid	-	(50,000,000)	-	-	(50,000,000)	(50,000,000)
Balance as at June 30, 2020	**35,000,000**	**98,116,550**	**54,757,484**	**2,131,656**	**129,841,856**	**190,005,690**

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

CHIEF EXECUTIVE

DIRECTOR

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

1. LEGAL STATUS AND NATURE OF THE BUSINESS

1.1 Time Securities (Private) Limited (the Company) is a private limited company incorporated in Pakistan on December 19, 2002 under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The Company is a corporate member of Pakistan Stock Exchange Limited.

The principle activities of Company include trading and brokerage for equities, underwriting of public issues, etc.

1.2 The registered office of the Company is located at Room No. 98-99 Pakistan Stock Exchange Building, Stock Exchange Road, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standard (IFRS) issued by International Accounting Standard Board as are notified under the Companies Act, 2017 have been followed

- Provision of and directives issued under the Companies Act, 2017

Wherever the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the "historical cost convention" except for the revaluation of certain financial assets which are stated at fair value. These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistan Rupees, which is the functional and presentation currency of the Company.

2.4 Significant accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and 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 result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period effected.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

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	Note
Depreciation on property and equipment	5.1
Classification and valuation of investments	5.3
Provision for doubtful receivables	5.6
Impairment of investments	5.9

3 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. The Company is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers, partners, suppliers and stockholders. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

4 STANDARDS, IFRIC INTERPRETATIONS AND AMMENDENTS WHICH BECAME EFFECTIVE DURING THE YEAR

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

Standard or Interpretation

IFRS 16	Leases
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	Uncertainty over income tax treatments
IFRS 3	Business Combinations - Previously held Interests in a joint operation
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation

4.1 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

<u>Amendments to standards</u>	Effective date (annual periods beginning on or after)
IFRS-14 -Regulatory Deferral Accounts	January 01, 2018
IFRS 3 – Business Combinations - Definition of Business	January 1, 2020
IAS 1 / IAS 8 – Definition of Material (Amendments)	January 1, 2020
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its	Not Yet Finalized

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Associates or Joint Venture (Amendment)

Further, following new standards have been issued by International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Amendments to standards	**Effective date (annual periods beginning on or after)**
IFRS 1 – First-time Adoption of International Financial Reporting Standards	January 1, 2004
IFRS 17 – Insurance Contracts	January 1, 2021

5 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below.

5.1 Property, plant and equipment

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

Depreciation is charged from the date the asset is put into operation and discontinued from the date the asset is retired.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account.

Depreciation method, useful lives and residual values are reassessed atleast at each balance sheet date and changes, if any, are recognised prospectively.

5.2 Intangible Assets

TRECs-Trading Right Entitlement

The accounting treatment for the exchange of membership cards with TRECs and shares of stock exchanges has been determined on the basis of the guidance provided by the Institute of Chartered Accountants of Pakistan (ICAP) on queries raised by certain members of stock exchanges.

5.3 Financial assets

The Company classifies its financial assets into following three categories:
- Fair Value through Other Comprehensive Income (FVOCI);
- Fair Value through Profit or Loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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5.3.1 Subsequent measurement

Debt instruments at FVOCI

These assets are subsequently measured at fair value. Profit / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statementof profit or loss.

Equity instruments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

Financial assets measured at amortised cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

5.4 Trade Debts

These are initially stated at fair value and subsequently measured at amortized cost using effective interest rate method less provisions for any uncollectible amounts.

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

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

5.5 Trade Payables

Trade and other amounts payable are recognized initially at fair value and subsequently carried at amortized cost.

5.6 Provisions for doubtful receivables

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying 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 balance sheet date and adjusted to reflect the current best estimate.

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5.7 Trade date accounting

All 'regular way' purchases and sales of quoted equity securities are recognised on the trade date i.e. the date that the Company commits to purchase / sell the asset. 'Regular way' purchases or sales of quoted investments require delivery within two working days after the transaction date as per stock exchange regulations.

5.8 Derecognition of financial instruments

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

5.9 Impairment

5.9.1 Financial assets

The Company recognizes loss allowances for Expected credit losses (ECLs) in respect of financial assets measured at amortized cost and fair value through other comprehensive income.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- financial assets and bank balance for which credit risk (i.e. the risk of default occuring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and quanlitative information and analysis, based on the Company historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Comapny is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5.9.2 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 recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Where impairment loss for asset subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognised as income in profit and loss account.

5.10 Revenue recognition

5.10.1 Gain / (Loss) from dealing in securities

Capital gains and losses on sale of marketable securities are recorded on the date of sale.

Dividend income is recorded when right to receive dividend is established.

Consultancy and advisory fee, Commission from rendering of services to stock exchanges are recognized as and when such services are provided.

Profit on bank deposits is recognized on an accrual basis.

5.10.2 Gain and losses on sale of investment

Gains and losses on sale of investments are accounted for when their commitment (trade date) for sale of security is made.

5.10.3 Income on balances with banks

Profit on saving accounts with banks is recognised on an accrual basis.

5.11 Taxation

5.11.1 Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and rebates available, if any.

5.11.2 Deferred

Deferred tax is recognized using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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5.12 Foreign currencies translation

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating to those prevalent on the balance sheet date. Foreign currency transactions are converted into Pak Rupees at the rate of exchange prevailing on the date of transactions. Exchange gains and losses on translation are recognised in profit and loss account.

5.13 Financial assets

Financial assets include investments, deposits and other receivables, excluding taxation. Other receivables are stated at cost as reduced by appropriate allowances for estimated irrecoverable amounts.

5.14 Financial liabilities

Financial liabilities are classified according to the substance of contractual arrangements entered into. These are initially recognised at fair value and subsequently stated at amortised cost.

5.15 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, balances at banks in current and deposit accounts and stamps in hand, as well as balance held with the State Bank of Pakistan (SBP).

5.16 Offsetting financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Comapny has a legal 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. Corresponding income on the assets and charge on the liability is also off- set.

5.17 Related party transactions

All transactions with the related parties are priced on arm's length basis. Prices for those transactions are determined on the basis of admissible valuation methods.

5.18 Sponsors' Loan

According to technical release 32 issued by Institute of Chartered Accountant of Pakistan (ICAP) according to which a loan to an entity by the directors which is agreed to be paid at the discretion of the entity does not pass the test of liability and is to be recorded as equity at face value. This is not subsequent re-measured. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the directors' loan would be a direct debit to equity.

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6 AUTHORIZED CAPITAL

During the year ended June 30, 2014, the company has passed a resolution in its extra ordinary general meeting held on September 25, 2013, to increase its authorized share capital to Rs. 75 million. However, till the date of issuance of these financial statements, legal formalities of increase in authorized capital have not been completed.

7 ISSUES, SUBSCRIBED AND PAID-UP CAPITAL

Number of shares

2020	2019		2020	2019
			------- (Rupees)	------
350,000	350,000	Fully paid ordinary shares of Rs. 100 each issued for cash	35,000,000	35,000,000
-	-	Bonus shares of Rs. 100 each issued accumulated profit	-	-
350,000	350,000		35,000,000	35,000,000

8 TRADE AND OTHER PAYABLE

	2020	2019
Trade payable	24,849,750	16,839,479
Markup payable on running finance	308,708	117,077
Other payable	14,989,318	5,854,286
	40,147,776	22,810,842

9 SHORT TERM RUNNING FINANCE - SECURED

		2020	2019
Bank Al-Falah Limted		12,953,071	1,440,543
JS Bank Limited		7,489,633	78,745
	9.1	20,442,704	1,519,288

9.1 The company has obtained running finance facilities under mark-up arrangement of Rs. 100 (2018: Nil) million from various commerical banks having mark-up of 3 months KIBOR plus 2% to 2.5% that is secured against pledge of shares and personal guarantee of directors.

10 CONTINGENCIES AND COMMITMENTS

There were no contengencies and commitments as at June 30, 2020 (2019: Nil)

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11 PROPERTY AND EQUIPMENT

	2020	2019
	-------- (Rupees)	-------
Operating fixed assets	3,092,735	3,486,420

11.1 Operating fixed assets

Description	Office Premise	Furniture and fixture	Office equipments	Computer Equipment	Motor Vehicles	Total
COST						
Balance as at 01 July, 2018	6,000,000	1,107,855	1,438,276	2,787,931	243,000	11,577,062
Additions	-	-	-	13,000	-	13,000
Balance as at 30 June, 2019	6,000,000	1,107,855	1,438,276	2,800,931	243,000	11,590,062
Balance as at 01 July, 2019	6,000,000	1,107,855	1,438,276	2,800,931	243,000	11,590,062
Additions	-	-	-	5,015	-	5,015
Deletion	-	-	-	-	-	-
Balance as at 30 June, 2020	**6,000,000**	**1,107,855**	**1,438,276**	**2,805,946**	**243,000**	**11,595,077**
DEPRECIATION						
Balance as at 01 July, 2018	2,811,354	947,702	1,076,678	2,629,171	184,185	7,649,089
Charge for the year	318,865	24,023	54,240	48,603	8,822	454,553
Balance as at 30 June, 2019	3,130,219	971,725	1,130,917	2,677,774	193,007	8,103,642
Balance as at 01 July, 2019	3,130,219	971,725	1,130,917	2,677,774	193,007	8,103,642
Charge for the year	286,978	20,419	46,104	37,699	7,499	398,700
Adjustment of disposal	-	-	-	-	-	-
Balance as at 30 June, 2020	**3,417,197**	**992,145**	**1,177,021**	**2,715,473**	**200,506**	**8,502,342**
Carrying Amount - 2020	**2,582,803**	**115,710**	**261,255**	**90,473**	**42,494**	**3,092,735**
Carrying Amount - 2019	**2,869,781**	**136,130**	**307,359**	**123,157**	**49,993**	**3,486,420**
Rate of Depreciation	10%	15%	15%	30%	15%	

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12 INTANGIBLE ASSET - TRE CERTIFICATE

	Note	2020	2019
		------- (Rupees) ------	
Trading Right Entitlement Certificate (TREC)	12.1	2,500,000	2,500,000

12.1 This represents TREC acquired on surrender of Stock Exchange Membership Card.

PSX vide notice no. PSX/N-7178, dated 10 November 2017, has revised the notional value of TRE Certificate from Rs. 5 million to 2.5 million. According to the Stock Exchange (Corporatisation, Demutualization and Integration) Act 2012, The TRE Certificate may only be transferred once to a Company intending to carry out shares brokerage business in the manner to be prescribed. Upto 31 December 2019, the Stock Exchange shall offer for issuance, 15 TRE Certificates each year in the manner prescribed. After 2019, no restriction shall be placed on issuance of TRE Certificates. The Company has marked lien on TRE Certificate in favour of Pakistan Stock Exchange Limited (PSX) to fulfill the requirement of Base Minimum Capital.

12.2 Movement in Trading Right Entitlement Certificate (TREC)

	Note	2020	2019
		------- (Rupees) ------	
Opening carrying value		2,500,000	2,500,000
Impairment recognised during the year		-	-
Closing carrying value		2,500,000	2,500,000

13 LONG TERM INVESTMENT

	Note	2020	2019
Shares in Pakistan Stock Exchange - at cost		-	5,999,999
Surplus on revaluation on shares		-	8,055,522
	13.1	-	14,055,521

13.1 This represents shares of Pakistan Stock Exchange Limited (PSX) alloted to the Company in exchange for their membership.

14 DEFERRED TAXATION

	2020	2019
	------- (Rupees) ------	
The balance of deferred tax is in respect of the following major temporary taxable / (deductible) differences:		
Accelerated tax depreciation	17,871	22,283
Investments	(1,139,889)	(513,412)
Provisions	256,505	256,505
	865,514	234,625

15 LONG TERM DEPOSIT

	Note	2020	2019
Pakistan Stock Exchange Limited	15.1	2,300,000	1,300,000
National Clearing Company of Pakistan		300,000	400,000
Central Depository Company of Pakistan		100,000	100,000
Telephone deposits		39,151	39,151
Office deposits		60,000	60,000
Other deposits		7,000	7,000
		2,806,151	1,906,151

15.1 This includes Base Minimum Capital, deposited with Pakistan Stock Exchange.

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16 INVESTMENT IN MARGIN FINANCING

	Note	2020	2019
		------- (Rupees) ------	
Investment in margin financing :	16.1		
- Receivable from customers		1,687,960	2,109,925
- Receivable from related parties	16.2	-	3,022,267
		1,687,960	5,132,192

16.1 This amount given as Margin Financing (MF) to the clients of the Company through National Clearing Company of Pakistan Limited. This amount is secured against securities of clients held in House accounts under pledged status. The Company is charging markup upto the rate of 1 month KIBOR + 8%.

16.2 This represents amount receivable from director of the Company.

17 TRADE DEBTORS

	Note	2020	2019
		------- (Rupees) ------	
Receivable from customers		33,323,949	15,418,464
Receivable from related parties	17.1	39,250,353	14,280,251
	17.3	72,574,302	29,698,715
- Provision for impairment on trade debts	17.2	(884,499)	(884,499)
		71,689,803	28,814,216

17.1 This represents amount receivable from director of the Company.

17.2 Provision for impairment on trade debts

	2020	2019
	------- (Rupees) ------	
Opening balance	884,499	290,524
Impairment during the year	-	593,974
Closing balance	884,499	884,499

17.3 Aging analysis

The aging analysis of the trade debts relating to purchase of shares is as follow:

	2020	2019
	------- (Rupees) ------	
	Amount	**Amount**
	------- (Rupees) ------	
Upto 5 days	23,296,312	12,530,887
More than 5 days	49,277,989	17,167,828
	72,574,301	29,698,715

18 ADVANCES, DEPOSITS PREPAYMENTS AND OTHER RECEIVABLES

	2020	2019
NCCPL and PSX deposits	14,865,512	10,610,731
Exposure deposits with PSX and NCCPL	62,096,388	43,836,388
Advance payment of tax	333,981	7,518,836
Income tax refundable	41,323,905	34,478,186
	118,619,786	96,444,141

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			2020	2019
			------- (Rupees) ------	
19	**SHORT TERM INVESTMENT**			
	Fair value through profit and loss - FVTPL			
	Listed ordinary shares	19.1	19,032,344	39,687,542
	Fair value through other comprehensive income - FVTOCI			
	Listed ordinary shares	19.2	18,839,235	10,682,867
			37,871,579	50,370,409

19.1 **FVTPL: Listed equity securities**

30-Jun-20				
No: of shares	**Name of investee company**	**Carrying value**	**Market value**	**Unrealized gain / (loss)**
		--------(Rupees)--------		
350	ATTOCK REFINERY LTD.	42,821	31,262	(11,559)
711	BANK OF PUNJAB LIMITED.	6,506	5,972	(534)
24,400	B.R.R. GUARDIAN MODARABA	198,128	212,036	13,908
9,510	CHERAT PACKAGING LIMITED.	1,172,137	1,114,097	(58,040)
388	DEWAN TEXTILE MILLS LTD.	660	504	(156)
2,500	DYNEA PAKISTAN	284,783	269,550	(15,233)
50,000	ECOPACK LTD.	1,051,129	1,088,000	36,871
30,000	HONDA ATLAS CARS (PAKISTAN)	5,708,021	5,810,400	102,379
118,500	HUM NETWORKS LIMITED	1,871,850	1,487,175	(384,675)
5,000	IGI HOLDINGS LIMITED	949,778	904,800	(44,978)
409	J. D. W. SUGAR MILLS LTD.	122,005	102,046	(19,959)
96,228	JAVEDAN CORPORATION LTD.	2,800,235	2,165,130	(635,105)
204	KOHINOOR MILLS LIMITED	4,457	7,752	3,295
3	MCB BANK LIMITED	523	486	(37)
3,000	MAQBOOL TEXTILE MILLS	122,250	125,970	3,720
72	NISHAT (CHUNIAN) LIMITED.	2,521	2,336	(185)
100,000	NIMIR RESINS LTD	648,016	618,000	(30,016)
70	PAK MODARBA 1ST	76	104	28
2	PICIC INS.LTD.	2	1	(1)
1,811	PACKAGES LIMITED	480,998	628,797	147,799
269	PRUDENTIAL MODARBA 1ST.	234	215	(19)
6,500	PAKISTAN NATIONAL SHIPPING	509,595	491,140	(18,455)
55	SHELL PAKISTAN LIMITED	9,684	10,042	358
50,000	SUI SOUTHERN GAS CO. LTD.	1,163,950	667,000	(496,950)
6,500	SYSTEM LIMITED	1,181,774	1,193,920	12,146
17,325	TARIQ GLASS LIMITED	1,192,133	1,117,809	(74,324)
130,000	TRISTAR PLOYESTER LIMITED	1,104,719	911,300	(193,419)
2,000	UNITED DISTRIBUTORS PAKISTAN	78,756	66,500	(12,256)
		20,707,741	19,032,344	(1,675,397)

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30-Jun-19				
No: of shares	Name of investee company	Carrying value	Market value	Unrealized gain / (loss)
		--------(Rupees)--------		
350	ATTOCK REFINERY LIMITED	30,579	27,045	(3,535)
3,620	COLGATE-PALMOLIVE (PAKISTAN) LIMITED	7,548,424	7,511,500	(36,924)
4,100	CHERAT PACKAGING LIMITED	677,462	330,624	(346,838)
388	DEWAN TEXTILE MILLS LIMITED	1,544	660	(884)
409	JDW SUGAR MILLS LIMITED	128,617	122,005	(6,612)
156,000	JAHANGIR SIDDIQUI & COMPANY LIMITED	2,689,908	1,687,920	(1,001,988)
87,480	JAVEDAN CORPORATION LIMITED	3,131,784	2,800,235	(331,549)
204	KOHINOOR MILLS LIMITED	6,034	4,457	(1,577)
39,000	KOHAT CEMENT COMPANY LIMITED	4,636,844	2,048,670	(2,588,174)
5,001	MCB BANK LIMITED	989,048	872,424	(116,623)
72	NISHAT (CHUNIAN) LIMITED	3,407	2,521	(886)
70	FIRST PAK MODARABA	64	76	12
78,500	PAKISTAN REINSURANCE COMPANY LIMITED	2,581,080	1,959,360	(621,720)
2	PICIC INSURANCE LIMITED	22	2	(20)
1,811	PACKAGES LIMITED	886,883	544,314	(342,569)
450,000	AT-TAHUR LIMITED	8,751,825	8,869,500	117,675
50,000	SUI SOUTHERN GAS COMPANY LIMITED	808,015	1,034,000	225,985
11,550	TARIQ GLASS INDUSTRIES LTD	1,348,163	885,077	(463,087)
450,000	WORLDCALL TELECOM LIMITED	868,500	315,000	(553,500)
		45,618,938	39,687,542	(5,931,395)

19.2 **FVTOCI: Listed equity securities**

30-Jun-20				
1,902,953	PAKISTAN STOCK EXCHANGE	24,763,101	18,839,235	(5,923,866)
		24,763,101	18,839,235	(5,923,866)

30-Jun-19				
821,759	PAKISTAN STOCK EXCHANGE LIMITED	17,980,927	10,682,867	(7,298,060)
		17,980,927	10,682,867	(7,298,060)

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		Note	2020	2019
			------- (Rupees) ------	
20	**CASH AND BANK BALANCES**			
	Cash in hand		66,175	66,175
	Cash at bank-current account		21,756,374	17,926,864
			21,822,549	17,993,039
21	**ADMINISTRATIVE AND OPERATING EXPENSES**			
	Salaries allowance and other benefits	21.1	23,777,500	24,974,360
	Rent, rates and taxes		842,024	181,635
	Repairs and maintainance		373,829	1,435,825
	Auditors' remuneration	21.2	304,920	277,200
	Legal and professional charges		270,780	151,000
	Printing and stationary		111,836	81,480
	Travelling and conveyance		152,280	100,850
	Utilities		714,325	587,144
	Fees and subscription		6,194,539	5,976,944
	Entertaintment		498,365	1,246,115
	Postage and courier expense		123,067	131,992
	Depreciation		398,700	454,553
	Insurance expense		38,000	38,000
	Bad debts written off		-	628,293
	CVT expense		2,121,208	2,198,882
	Others		825,344	588,681
			36,746,717	39,052,953

21.1 Remuneration of Directors and Chief Executive

Particulars	Chief Executive		Directors	
	------------------------(Rupees)-----------------------			
	2020	2019	2020	2019
Remuneration	3,000,000	3,250,000	2,280,000	2,470,000
No of Persons	1	1	1	1

		2020	2019
		------- (Rupees) ------	
21.2	**Auditors' remuneration**		
	Audit fee	290,400	264,000
	Out of pocket expense	14,520	13,200
		304,920	277,200
22	**OTHER INCOME**		
	Profit on margin deposit	3,574,912	2,646,846
	Profit on margin financing	1,032,979	1,619,056
	Dividend income	1,524,855	1,506,159
	Transaction and custody fees	9,048,455	8,759,390
		15,181,201	14,531,450
23	**FINANCE COST**		
	Short term running finance	1,621,525	560,612
	Bank charges	374,914	227,447
		1,996,439	788,059

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	Note	2020	2019
		------- (Rupees) ------	

24 TAXATION

Current	(10,359,908)	(385,290)
Deferred	630,889	174,562
Prior	(287,826)	(2,207,530)
	(10,016,845)	(2,418,259)

24.1 Relationship between tax expense and accounting profit

Profit before taxation	68,675,106	(30,878,275)
Applicable tax rate	29%	29%
Tax at the above rate		-
Tax effect of capital gain under separate block of income	9,917,700	(51,495)
Tax effect of dividend income taxable under FTR	442,208	436,786
Effect of deferred taxation	(630,889)	(174,562)
Effect of change in prior years' tax	287,826	2,207,530
Tax expense for the year	10,016,845	2,418,259

25 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities		Equity			
	Trade and other payable	Short term running finance	Issued, subscribed & paid-up capital	Sponsers' loan	Surplus on revaluation of investments	Total
	-------	-------	(Rupees)	-------	-------	-------
Balance as at July 01, 2019	22,810,842	1,519,288	35,000,000	63,707,484	8,055,522	131,093,136
Changes from financing cash flows	-	-	-	-	-	-
Liability-related:						
Changes in trade and other payable	17,336,934	-	-	-	-	17,336,934
Loan paid during the year	-	18,923,416	-	(8,950,000)	-	9,973,416
Total comprehensive loss for the year	-	-	-	-	-	-
Unrealized (loss) / gain on remeasurement of investment at fair value through profit or loss - net	-	-	-	-	(5,923,866)	(5,923,866)
	17,336,934	18,923,416	-	(8,950,000)	(5,923,866)	21,386,484
Balance as at June 30, 2020	**40,147,776**	**20,442,704**	**35,000,000**	**54,757,484**	**2,131,656**	**152,479,620**

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26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to certain financial risk. Such financial risk emanate from various factors that include, but not limited to, market risk, credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the company's financial performance. Risk measures and managed by company are explained below:

26.1 Market Risk

Market risk is the risk that the fair value of future cash flows of financial instrument will fluctuate due to changes in market variables such as interest rate and foreign exchange rates.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in interest rates. The Company's exposure to the risk of changes in interest rates relates primarily to the company's short term finance with varying interest rates. Management of the company estimates that increase of 100 base point in the interest rate, with all other factors remaining constant, would increase / decrease the company's after tax profit by Rs. 204,427/- (2019: Rs. 261,442/-). However, in practice, the actual result may differ from the sensitivity analysis.

(ii) Foreign exchange risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where recievables and payables exist due to transaction in foreign currency. The company has no transactions in foreign currency during the current year.

26.2 Liquidity risks

Liquidity risk is a risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments, The management believe that it is not expose to any significant level of liquidity risk. The management forecast the liquidity of the company on basis of expected cash flow considering the level of liquid assets neccessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

2020	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	(Rupees)				
Trade and other payables	40,147,776	-	-	-	40,147,776
Short term running finance - secured	-	20,442,704	-	-	20,442,704
Total	40,147,776	20,442,704	-	-	60,590,480

2019	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	(Rupees)				
Trade and other payables	22,810,842	-	-	-	22,810,842
Short term running finance - secured	-	1,519,288	-	-	1,519,288
Total	22,810,842	1,519,288	-	-	24,330,130

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Fair value of financial instruments

Fair value is an amount for which an assets could be exchanged, or a liability settled, between knowledgable willing parties in an arm's length transaction, consequently, difference may arises between the carrying value and fair value estimates.

As at June 30, 2020 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying value.

26.3 Credit risks

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2020	2019
	------- *(Rupees)* ------	
Financial Assets		
Long term investment	-	14,055,521
Trade debts	1,687,960	5,132,192
Advance, deposits, prepayments and other receivables	118,619,786	96,444,141
Short term investments	37,871,579	50,370,409
Cash and bank balances	21,822,549	17,993,039
	180,001,875	183,995,302

27 RELATED PARTY TRANSACTIONS

Related parties comprise of shareholders, directors and their subordinates and key management personnel of the company. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Relationship	Nature of transaction	2020	2019
		----------*(Rupees)*---------	
Directors	loan repaid	(8,950,000)	-
	loan obtained	-	5,000,000
Related party	loan repaid	-	(13,500,000)
	loan obtained	-	-

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28 NET CAPITAL BALANCE

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Net Capital Banlance as required under Third Schedule of Securities and exchange Rules, 1971 read with SECP guidelines is calculated as follows;

	Note	2020 Rupees
CURRENT ASSETS		
Cash in Hand and Bank Balances		
Cash deposited as margin with Pakistan Stock Exchange Limited and National Clearing Company of Pakistan Limited		62,681,260
Cash in hand		66,175
		62,747,435
Bank balance(s) pertaining to brokerage house	2	990,219
Bank balance(s) pertaining to clients	3	20,766,155
		21,756,374
		84,503,809
Trade Receivables		
Book value	4	72,574,302
Less: Over due for more than 14 days		(24,190,851)
		48,383,451
Other than trade receivables		1,687,960
		50,071,411
Investments in Listed Securities in the Name of Brokerage House		
Securities on the exposure list marked to market		37,871,580
Less: 15% discount		(5,680,737)
		32,190,843
Securities Purchase for Clients		9,184,483
		175,950,546
CURRENT LIABILITIES		
Trade Payables	5	
Book value		24,849,750
Less: Over due for more than 30 days		(9,050,317)
		15,799,433
Other Liabilities	6	55,112,229
		70,911,662
Less : Amount segregated for minimum Net Capital Balance of National Commodity Exchange Limited		-
NET CAPITAL BALANCE		**105,038,884**

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Note 1

1.1 The Company and its Operations

The Company was incorporated as a private limited company under the Companies Ordinance, 1984 (Repealed with the enactment of Companies Act, 2017). The Company is a corporate member of the Pakistan Stock Exchange Limited (PSX). The principal activities of the company include share brokerage, portfolio management, investment advisory and consultancy services, underwriting and other related services.

1.2 Basis of accounting

This statement has been prepared on historical cost basis except for investments in listed securities which are stated at fair value less 15% discount.

Note 2

Bank Balance(s) pertaining to Brokerage House

	June 30, 2020
	Rupees
- Bank Al Habib Limited	97,984
- Bank Alfalah Limited	800,000
- Askari Commercial Bank Limited	9,500
- Habib Metropolitan Bank Limited	15,824
- Habib Bank Limited	10,604
- Dubai Islamic Bank Pakistan Limited	41,517
- Bank of Khyber	14,790
	990,219

Note 3

Bank Balance(s) pertaining to Clients

	June 30, 2020
	Rupees
Cash at bank - Clients	
- Bank Alfalah Limited	12,923,175
- Js Bank Limited	7,842,980
	20,766,155

TIME SECURITIES (PRIVATE) LIMITED

Notes to Calculation of Capital for the Purposes of Rule 2(D) of Securities and Exchange Rules, 1971

Note 4

Trade Receivables

	June 30, 2020
	Rupees
Book value	72,574,302
Less: Over due for more than 14 days	(24,190,851)
	48,383,451

Trade receivable aging is derived on transaction basis and not on overall basis. Further, First in First Out (FIFO) basis used reflecting position upto 14 days of the reporting date of NCB.

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Note 5
Trade Payables

	June 30, 2020
	Rupees
Book value	24,849,750
Less: Over due for more than 30 days	(9,050,317)
	15,799,433

Payables overdue by 30 days amounting to Rs. 9,050,317 are deducted from total trade payables and are included in other liabilities.

Note 6
Other Liabilities

	June 30, 2020
	Rupees
Trade payables overdue for more than 30 days	9,050,317
Running finance facility from:	
- Bank Alfalah Limited	12,953,071
- JS Bank Limited	7,489,633
Markup payable	308,708
Federal excise duty payable	249,902
Audit fee payable	277,200
Tax payable on commission	130,247
Future cash exposure demand	12,320,903
Salaries payable	741
Dealers/ agent balances	1,970,159
Provision for taxation	10,359,908
Income tax payable	1,440
	55,112,229

Note 7
General

Figures have been rounded off to the nearest rupee.

Note 8
Authorization

These notes have been extracted by the management for the underlying record as on June 30, 2020.

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29 LIQUID CAPITAL

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment			
1.2	Intangible Assets	3,091,983	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)	2,500,000	100.00%	-
1.4	**Investment in Debt. Securities**	-		-
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	5.00%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	7.50%	-
	If unlisted than:	-	10.00%	-
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	10.00%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	12.50%	-
1.5	**Investment in Equity Securities**	-	15.00%	-
	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.	37,871,580	29,327,641	29,327,641
	ii. If unlisted, 100% of carrying value.			
1.6	Investment in subsidiaries	-	100.00%	-
1.7	**Investment in associated companies/undertaking**	-	100.00%	-
	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.			
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	-	100.00%	-
1.9	Margin deposits with exchange and clearing house.	1,806,151	100.00%	-
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	62,681,260	-	62,681,260
1.11	Other deposits and prepayments	-	-	-
1.12		-	100.00%	-
	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			
1.13	Dividends receivables.	-	100.00%	-
1.14	Amounts receivable against Repo financing.	-	-	-
	Amount paid as purchaser under the REPO agreement. (**Securities purchased under repo arrangement shall not be included in the investments.**)	-	-	-
1.15	Receivables other than trade receivables			
1.16	**Receivables from clearing house or securities exchange(s)**	-	100.00%	-
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
1.17	**Receivables from customers**			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. **i. Lower of net balance sheet value or value determined through adjustments.**	1,687,960	1,463,954	1,463,954
	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**	23,296,312	-	23,296,312
	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**	29,025,713	24,671,855	24,671,855
	vi. 100% haircut in the case of amount receivable form related parties.			
1.18	**Cash and Bank balances**		100.00%	-
	I. Bank Balance-proprietory accounts			
	ii. Bank balance-customer accounts	990,219	-	990,219
	iii. Cash in hand	20,766,155	-	20,766,155
1.19	**Total Assets**	66,175	-	66,175
2. Liabilities		**183,783,508**		**163,263,571**
2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	-	-	-
2.2	**Current Liabilities**	24,849,750	-	24,849,750
	i. Statutory and regulatory dues			
	ii. Accruals and other payables	-	-	-
	iii. Short-term borrowings	15,259,300	-	15,259,300
	iv. Current portion of subordinated loans	20,442,704	-	20,442,704
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts		-	-
	viii. Provision for taxation	10,359,908	-	10,359,908
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	**Non-Current Liabilities**		-	-
	i. Long-Term financing			
	ii. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	**Subordinated Loans**	-	-	-
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted		-	-
2.5	**Total Liabilites**	54,757,484	-	-
		125,669,146		**70,911,662**

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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.	1,687,960	1,057,641	1,057,641
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	-	-	-
3.9	**Opening Positions in futures and options**			
	i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts			-
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	**Short selll positions**			
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. Incase of proprietory positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	**Total Ranking Liabilites**	**1,687,960**	**1,057,641**	**1,057,641**
		56,426,402	**Liquid Capital**	**91,294,268**

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30 PROVIDENT FUND RELATED DISCLOSURE

The Company does not maintain any provident fund for its employees.

31 NUMBER OF EMPLOYEES

	2020	2019
Average number of employees during the year	24	20
Employees at year end	26	22

32 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 05 OCT 2020 by the Board of Directors of the company.

33 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

Karachi Office

F-4/2, Mustafa Avenue, Block 9,
Behind "The Forum"
Clifton, Karachi-Pakistan.
Ph: (92-21) 35877806-810
URL: www.crowe.pk

Other Offices

Lahore & Islamabad