TIME SECURITIES (PVT.) LIMITED

UNAUDITED

HALF YEARLY FINANCIAL STATEMENTS

DECEMBER 31, 2019

TIME SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Note	DEC 2019
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Authorised Capital		
400,000 (2018: 400,000) ordinary shares of Rs. 100 each	5	40,000,000
Issued, subscribed & paid-up capital	6	35,000,000
Sponsors' loan		63,707,484
Accumulated profit		141,661,208
		240,368,692
Non-Current Liabilities		
		-
Current Liabilities		
Trade and other payables	7	41,435,926
Short term running finance - secured	8	43,678,830
Provision for taxation		14,059,142
		99,173,898
Contingencies and Commitments	9	
Total Equity and Liabilities		**339,542,590**
ASSETS		
Non-Current Assets		
Property and equipment	10	3,491,435
Intangible assets - TRE certificate	11	2,500,000
Deferred taxation	12	234,625
Long term deposits	13	1,806,151
		8,032,211
Current Assets		
Investment in margin financing	14	7,368,149
Trade debtors	15	46,854,005
Advances, deposits, prepayments and other receivables	16	139,465,574
Short term investments	17	125,993,240
Cash and bank balances	18	11,829,411
		331,510,379
Total Assets		**339,542,590**

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

CHIEF EXECUTIVE

TIME SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	DEC 2019
Revenue		
Brokerage commision		7,038,166
(Loss) / Gain on sale of investment		68,106,400
Unrealized (loss) / gain on remeasurement of investments at fair value through profit or loss - net		3,239,853
		78,384,419
Administrative and operating expenses	19	(17,675,275)
		60,709,143
Other income	20	8,190,130
		68,899,274
Finance cost	21	(1,078,028)
(Loss) / Profit before taxation		67,821,246
Taxation	22	(13,673,852)
(Loss) / Profit after tax		54,147,394

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

CHIEF EXECUTIVE

TIME SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019
(Loss) / Profit after taxation	54,147,394
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 (loss) / income for the year	54,147,394

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

CHIEF EXECUTIVE

TIME SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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:

	Note
Depreciation on property and equipment	4.1
Classification and valuation of investments	4.3
Provision for doubtful receivables	4.6
Impairment of investments	4.9

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

3.1 Standards, amendments and interpretations to the published standards that are relevant to the Company and adopted in the current year

Following are the new standards and amendment to approved accounting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018.

Standard or Interpretation	Effective date (Annual periods beginning on or after)
IFRS 9 - Financial Instruments	July 1, 2018
IFRS 15 - Revenue from Contracts with Customers	July 1, 2018

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements. However their impact is stated below

IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the SECP through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at July 1, 2018.

Financial assets	Original classification Uner IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Investment in margin financing	Loan and receivables	Amortized cost	7,368,149	7,368,149
Advances, deposit, prepayments and other receivables	Loan and receivables	Amortized cost	139,465,574	139,465,574
Short term investment	Held for trading	FVTPL	125,993,240	125,993,240
Trade debts	Loan and receivables	Amortised cost	47,738,503	46,854,005
Cash and bank balances	Loan and receivables	Amortised cost	11,829,411	11,829,411

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 and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Management has undertaken a detailed assessment of the performance obligations associated with revenue streams and is of the view that application of IFRS 15 does not have any material impact on the current and prior year figures as well as the accounting policies applied for the recognition of revenue. Accordingly, no restatement of the information presented for prior year is required.

3.2 Standards, amendments to published standards and interpretations that are effective but not relevant

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2018, but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation		**Effective Date (Annual periods beginning on or after)**
IAS 1	Presentation of financial statements	January 1, 2020
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2020
IAS 12	Income Taxes (Amendments)	January 1, 2019
IAS 19	Employee Benefits (Amendments)	January 1, 2019
IAS 23	Borrowing Costs (Amendments) January	January 1, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IFRS 3	Business Combinations (Amendments)	January 1, 2020
IFRS 9	Financial Instruments (Amendments)	January 1, 2019
IFRS 16	Leases	January 1, 2019
IFRIC 23	Uncertainty Over Income Tax Treatments	January 1, 2019

The management anticipates that, except as stated above, adoption of the new standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than presentation and disclosures.

3.4 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	Not yet notified
IFRS 17 - Insurance Contracts	January 1, 2021

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of application.

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 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.

4.2 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.

4.3 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.

4.3.1 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.

4.4 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.

4.5 Trade Payables

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

4.6 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.

4.7 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.

4.8 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.

4.9 Impairment

4.9.1 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.

4.9.2 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.

4.10 Revenue recognition

4.10.1 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.

4.10.2 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.

4.10.3 Income on balances with banks

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

4.11 Taxation

4.11.1 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.

4.11.2 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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).

4.16 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.

4.17 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.

4.18 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.

5 Authorised 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.

6 Issued, subscribed & paid up capital

Number of shares

2019	2018		2019
350,000	250,000	Fully paid ordinary shares of Rs. 100 each issued for cash	35,000,000
-	100,000	Bonus shares of Rs. 100 each issued accumulated profit	-
350,000	350,000		35,000,000

7 Trade and other payables

Trade payable	22,576,269
Markup payable on running finance	893,163
Other payable	17,966,494
	41,435,926

8 Short term running finance - secured

Bank Al-Falah Limted		23,325,376
JS Bank Limited		20,353,454
	8.1	43,678,830

8.1 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

9 Contengencies and Commitments

There were no contengencies and commitments as at December 31, 2019 (2018: Nil)

		DEC 2019
11 Intangible asset - TRE certificate		
Trading Right Entitlement Certificate (TREC)		2,500,000
11.1 Movement in Trading Right Entitlement Certificate (TREC)		
Opening carrying value		2,500,000
Impairment recognised during the year		-
Closing carrying value		2,500,000
12 Deferred taxation		
The balance of deferred tax is in respect of the following major temporary taxable / (deductible) differences:		
Accelerated tax depreciation		22,283
Investments		(513,412)
Provisions		256,504
		234,625
13 Long term deposits		
Pakistan Stock Exchange Limited		1,300,000
National Clearing Company of Pakistan		300,000
Central Depository Company of Pakistan		100,000
Telephone deposits		39,151
Office deposits		60,000
Other deposits		7,000
		1,806,151
14 Investment in Margin Financing		
Investment in margin financing :		
- Receivable from customers		7,368,149
		7,368,149

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%.

15 Trade debtors		
Receivable from customers		23,387,620
Receivable from related parties	15.1	24,350,883
	15.3	47,738,503
- Provision for impairment on trade debts	15.2	(884,498)
		46,854,005

15.1 This represents amount receivable from director of the Company.

15.2 Provision for impairment on trade debts	
Opening balance	290,524
Impairment during the year	593,974
Closing balance	884,498

15.3 **Aging analysis**

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

		Amount
Upto 5 days		29,228,357
More than 5 days		18,510,146
		47,738,503
16 Advance, deposits, prepayments and other receivables		
NCCPL and PSX deposits		12,059,397
Exposure deposits with PSX and NCCPL		85,356,388
Advance payment of tax		7,571,603
Income tax refundable		34,478,186
		139,465,574
17 Short term investment		
Investment at fair value through profit and loss		
Investment in listed companies		122,753,387
Unrealised gain/(loss) on remeasurement		3,239,853
	17.1	125,993,240

		DEC 2019
18	**Cash and Bank Balances**	
	Cash in hand	66,175
	Cash at bank-current account	11,763,236
		11,829,411
19	**Administrative and operating expenses**	
	Salaries allowance and other benefits	11,481,000
	Rent, rates and taxes	108,475
	Repairs and maintainance	437,574
	Legal and professional charges	190,030
	Printing and stationary	57,794
	Travelling and conveyance	32,870
	Utilities	391,357
	Fees and subscription	3,082,987
	Entertaintment	119,293
	Postage and courier expense	47,866
	Insurance expense	38,000
	CVT expense	1,384,099
	Others	303,931
		17,675,275
20	**Other income**	
	Profit on margin deposit	1,657,246
	Profit on margin financing	514,550
	Dividend income	1,143,127
	Transaction and custody fees	4,875,208
		8,190,130
21	**Finance cost**	
	Short term running finance	947,237
	Bank charges	130,790
		1,078,028
22	**Taxation**	
	Current	(13,673,852)
	Deferred	-
	Prior	-
		(13,673,852)

23 Date of Authorization

These financial statements were authorized for issue on 27 FEB 2020 by the Board of Directors of the company.

24 General

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE