
**H.M IDREES H. ADAM
(PRIVATE) LIMITED**

**Financial Statement
For the year ended June 30, 2019**



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF H.M IDREES H. ADAM (PRIVATE) LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the annexed financial statements of **H.M IDREES H. ADAM (Private) Limited** which comprise the statement of financial position as at June 30, 2019, 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, 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 forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss, other comprehensive loss, 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 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 to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss 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 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 **Farhan Ahmed Memon**.


Farhan Zakaria
Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi

Dated:

07 OCT 2019

H. M. IDREES H. ADAM (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS ON JUNE 30, 2019

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	5	7,534,390	9,383,479
Investment property	6	4,176,000	4,698,000
Investment at fair value through OCI	7	63,929,752	68,468,056
Intangible assets	8	5,066,940	5,099,911
Long term security deposits	9	4,510,000	4,510,000
Deferred tax asset	10	432,047	1,218,809
		85,649,128	93,378,255
Current Assets			
Trade debts- consider good		423,822	398,679
Short term deposits	11	-	41,647,261
Short term investments	12	20,744,298	150,624,117
Tax refunds due from government		10,628,349	6,155,818
Cash and bank balances	13	139,051,651	27,765,384
		170,848,120	226,591,259
Total Assets		256,497,248	319,969,515
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital			
9,000,000 Ordinary shares of Rs. 10 each		90,000,000	90,000,000
Issued, subscribed and paid up capital	14	89,439,260	89,439,260
Reserve		163,097,577	220,107,301
Shareholders' Equity		252,536,837	309,546,561
Trade and other payables	15	3,960,411	10,422,954
Contingencies and Commitments	16		
Total Equity and Liabilities		256,497,248	319,969,515

The annexed notes from 1 to 30 form an integral part of these financial statements.

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[Signature]
Chief Executive Officer



[Signature]
Director

H. M. IDREES H. ADAM (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	<i>Note</i>	2019 <i>Rupees</i>	2018 <i>Rupees</i>
Operating revenue	17	11,082,180	11,425,913
Loss on re-measurement of investment carried at fair value through profit and loss - Net		(5,585,985)	(47,591,712)
Loss / Gain on disposal of investment carried at fair value through profit and loss - Net		<u>(56,295,889)</u>	37,207,950
		(50,799,694)	1,042,151
Operating expenses	18	<u>(14,570,305)</u>	(12,748,861)
Operating loss		(65,369,999)	(11,706,710)
Other income	19	13,785,703	13,618,149
Other charges-impairment in respect of TREC		-	(2,500,000)
Financial cost	20	<u>(99,418)</u>	(2,819,656)
Loss before taxation		(51,683,714)	(3,408,217)
Taxation - current	21	(787,706)	(9,558,064)
Loss after taxation		<u>(52,471,420)</u>	(12,966,281)
Loss remeasurement of investments at fair value through OCI		(4,538,304)	(5,590,874)
Total comprehensive loss for the year		<u>(57,009,724)</u>	<u>(18,557,155)</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.


 Chief Executive Officer




 Director

H. M. IDREES H. ADAM (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	<i>Issued, subscribed and paid up capital</i>	<i>Reserve</i>		<i>Sub Total</i>	<i>Shareholders equity</i>
		<i>Capital</i>	<i>Revenue</i>		
----- <i>Rupees</i> -----					
Balance as at June 30, 2017	89,439,260	53,013,368	185,651,088	238,664,456	328,103,716
Loss for the year	-	-	(12,966,281)	(12,966,281)	(12,966,281)
Loss on remeasurement of available for sale investments	-	(5,590,874)	-	(5,590,874)	(5,590,874)
Total comprehensive income for the year	-	(5,590,874)	(12,966,281)	(18,557,155)	(18,557,155)
Balance as at June 30, 2018	89,439,260	47,422,494	172,684,807	220,107,301	309,546,561
Loss for the year	-	-	(52,471,420)	(52,471,420)	(52,471,420)
Loss on remeasurement At fair through OCI	-	(4,538,304)	-	(4,538,304)	(4,538,304)
Total comprehensive income for the year	-	(4,538,304)	(52,471,420)	(57,009,724)	(57,009,724)
Balance as at June 30, 2019	89,439,260	42,884,190	120,213,387	163,097,577	252,536,837

The annexed notes from 1 to 30 form an integral part of these financial statements.



 Chief Executive Officer





 Director

H. M. IDREES H. ADAM (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss after taxation	(51,683,714)	(3,408,217)
Adjustment for non-cash charges and other items		
Depreciation	2,419,089	2,888,006
Provision for impairment	-	2,500,000
Realized profit	56,295,889	(37,207,950)
Unrealized loss	5,585,985	47,591,712
Gain on disposal of fixed asset	-	(1,406,835)
Amortization	32,970	49,210
Finance cost	-	2,692,486
	64,333,933	17,106,629
Cash generated before working capital changes	12,650,219	13,698,412
Working Capital Changes		
(Increase) in current assets		
Trade debts- consider good	(25,143)	4,583,369
Trade deposits and short term prepayments	41,647,261	(26,510,575)
Loan, advances and other receivables	-	54,588,205
	41,622,118	32,660,999
Increase in current liabilities		
Deferred income	-	(4,488,270)
Trade and other payables	(6,462,543)	(1,947,670,168)
	(6,462,543)	(1,952,158,438)
Cash generated from / (used in) operating activities after working capital changes	47,809,793	(1,905,799,027)
Taxes paid	(4,473,475)	(5,367,593)
Increase in long term deposit	-	(500,000)
Finance cost paid	-	(5,237,371)
	(4,473,475)	(11,104,964)
Net cash generated from / (used in) operating activities	43,336,319	(1,916,903,991)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(48,000)	(7,386,000)
Acquisition of investment property	-	(5,220,000)
Proceeds from disposal of fixed assets	-	2,315,000
Acquisition/disposal of short term investment	67,997,948	175,382,911
Net cash generated from investing activities	67,949,948	165,091,911

2019
Rupees

2018
Rupees

C. CASH FLOWS FROM FINANCING ACTIVITIES


Payment of / proceeds from short / long term running finance	-	(178,608,929)
Net cash used in financing activities	-	(178,608,929)
Net increase / (decrease) in cash and cash equivalent (A+B+C)	111,286,267	(1,930,421,009)
Cash and cash equivalents at beginning of year	27,765,384	1,958,186,393
Cash and cash equivalents at end of year	139,051,651	27,765,384

The annexed notes from 1 to 30 form an integral part of these financial statements.



Chief Executive Officer





Director

H. M. IDREES H. ADAM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 NATURE AND STATUS OF BUSINESS

H. M. Idress H. Adam is a (Private) Limited (the Company) was incorporated in Pakistan on March 08, 2013 as a single member private limited company under the Companies Act, 2017. On June 7, 2017 the status of the company changed from Single Member Company to Private Limited Company. The Company is a corporate member of the Pakistan Stock Exchange. The principal objects of the Company include share brokerage, money market transactions, consultancy services, underwriting etc. The registered office of the company is Office No. 902-903, 9th Floor, New Karachi Stock Exchange Building, Off I.I. Chundrigar Road, Karachi-74000, Pakistan.

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

- 1) There is decline in value of short term investment - At fair value through profit and loss from Rs 150 millions to Rs 20 millions.
- 2) Short term deposits declined from Rs 41 millions to Nil due to termination in future trading.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial reporting standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.
- Where provisions and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Preparation of financial statements also include disclosure required by Securities Brokers (Licensing and Operations) Regulations, 2016.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except otherwise disclosed in these financial statements. Further, accrual basis of accounting is followed except for cash flow information.

3.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company.

3.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are described as follows: -

a) Property and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property and equipment. This also includes estimating the residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding affect on the depreciation charge and impairment.

b) Income Tax

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

c) Intangible Assets

The Company reviews the value of the intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of intangible assets with a corresponding effect on impairment.

d) Investments stated at Fair

The Company has determined fair value of certain investments by using quotations from active market. The value exist at specific point in time and may affect carrying values in future.

e) Trade and Other

The Company reviews its debtors portfolio regularly to assess amount of any provision required against such trade debtors and provisions are made to the extent the amount is considered doubtful.

3.5 Standards, amendments and interpretations which became effective during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below :

3.6 *New standards, interpretations and amendments*

The company has adopted the following accounting standards, interpretations and the amendments of IFRSs which became effective for the current year :

- IAS 7 – Statement of Cash flow - Disclosure Initiative - (Amendments).
- IAS 12 – Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments).

The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

3.7 *New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective*

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases:

<i>Standard or Interpretation</i>	<i>Effective date (annual periods beginning on or after)</i>
IFRS 2 – Share Based Payments - Classification and Measurement of Share Based Payment Transactions (Amendments).	01 January 2018
IFRS 9 – Financial Instruments.	01 July 2018
IFRS 9 – Payment Features With Negative Compensation - (Amendments).	01 January 2018
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments).	Not yet finalized
IFRS 15 – Revenue from Contracts With Customers.	01 July 2018
IFRS 16 – Leases.	01 January 2019
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments).	01 January 2018
IAS 40 – Investment Property: Transfers of Investment Property (Amendments).	01 January 2018
IAS 19 – Plan Amendment, Curtailment or Settlement (Amendments).	01 January 2019
IAS 28 – Long - term interests in Associates and Joint Ventures - (Amendments).	01 January 2019
IFRIC 22 – Foreign Currency Transactions and Advance Consideration.	01 January 2018
IFRIC 23 – Uncertainty Over Income tax Treatments.	01 January 2019

The above standards and amendments are not expected to have any material impact on the company's financial statements in the period of initial application except for IFRS 15 - Revenue from Contracts with Customers. The company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

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

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

<i>Standard or Interpretation</i>	<i>Effective date (annual periods beginning on or after)</i>
IFRS 14 - Regulatory Deferral Accounts.	01 January 2016
IFRS 17 - Insurance Contracts.	01 January 2021

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements: -

4.1 Changes in significant accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

4.2 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the financial statements of the Company as brokerage income are recognized on occurrence of confirming event.

(i) *Classification and measurement of financial assets and financial liabilities*

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL

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

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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.

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

The following table 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 of June 30, 2018.

<i>As at June 30, 2018</i>	<i>Original classification under IAS 39</i>	<i>New Classification under IFRS 9</i>	<i>Original Carrying Amount Rupees</i>	<i>New Carrying Amount Rupees</i>
<i>Current financial assets:</i>				
Trade debts- consider good	Amortized cost	Amortized cost	398,679	398,679
Short term investments	Held for trading	FVTPL	150,624,117	150,624,117
Cash and bank balances	Amortized cost	Amortized cost	27,765,384	27,765,384
<i>Current financial liabilities:</i>				
Trade and other payables	Amortized cost	Amortized cost	10,422,954	10,422,954
<hr/>				
<i>As at June 30, 2017</i>	<i>Original classification under IAS 39</i>	<i>New Classification under IFRS 9</i>	<i>Original Carrying Amount Rupees</i>	<i>New Carrying Amount Rupees</i>
<i>Current financial assets:</i>				
Trade debts- consider good	Amortized cost	Amortized cost	4,982,048	4,982,048
Short term investments	Held for trading	FVTPL	336,390,790	336,390,790
Cash and bank balances	Amortized cost	Amortized cost	1,958,186,394	1,958,186,394
<i>Current financial liabilities:</i>				
Trade and other payables	Amortized cost	Amortized cost	1,958,093,122	1,958,093,122

(ii) Classification and measurement of financial assets and financial liabilities

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and no historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Company.

Loss allowance on debt securities are measured at 12 months expected credit losses as those are determined to have low credit risk at the reporting date. Since there is no loss given default, therefore no credit loss is expected on these securities. Loss allowance on other securities and bank balances is also measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

4.3 *Property, equipment and depreciation thereon*

These are initially recognized at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated using the reducing balance method using the rates mentioned in note 4. Full depreciation on additions is charged in the year in which they are purchased and no depreciation is charged in the year of deletion.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace an item of property and equipment is capitalized and the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred. Major renewals are capitalized.

The residual values and useful lives of assets are reviewed and adjusted, if impact on depreciation is significant.

Gains and losses on disposal of assets, if any, are taken to profit and loss account.

4.4 *Investment Property*

Property that is held for long - term rental yields or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes, is classified as investment property. Investment property is initially measured at its cost, including related transaction cost and borrowing costs, if any. Subsequent to initial recognition investment property is measured at cost less accumulated depreciation.

4.5 *Intangible Assets*

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

4.6 *Membership Card -Pakistan Mercantile Exchange Limited*

This is stated at cost less impairment, if any. it is not amortized due to its indefinite useful life. Useful life can not be ascertained as it is unknown that how long member will hold the card . The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, which is taken as higher of fair value less cost to sell and value in use. Where the carrying value exceeds estimated recoverable amount, it is written down to it.

4.7 *Trading Right Entitlement Certificates (TREC)*

TREC is measured at cost which is valued at the price when it was purchased from Exchange. Subsequent to Initial recognition, TREC is measured at cost less impairment, if any.

4.8 *Software*

Costs directly associated with identifiable software products that will have probable economic benefits exceeding costs beyond one year are recognized as an intangible asset. Direct costs include the purchase costs of software and other directly attributable costs of preparing the software for its intended use.

This is initially stated at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged applying reducing balance method over estimated useful life of the software at the rate mentioned in note 6.3. Full amortization on addition is charged in the year of purchase.

4.9 Investments at fair value through profit and loss

- Investments 'at fair value through profit or loss - held for trading'

A non-derivative financial asset is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction cost are recognized in profit or loss when incurred. Investments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

4.10 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value being the value of consideration given and subsequently measured at amortized cost where there is difference between carrying value and maturity amount. A provision for impairment in trade and other receivables is made when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprises cash and bank balances.

4.12 Trade and other payables

Trade and other payables are recognized initially at fair value being the cost of consideration acquired plus directly attributable cost, if any, and subsequently measured at amortized cost where there is difference between carrying value and maturity amount.

4.13 Borrowing Cost

Borrowing costs are interest or other auxiliary costs incurred by the Company in connection with borrowing of funds and is treated as periodic cost and charged to profit and loss account. Currently there are no borrowing costs.

4.14 Taxation

Current

Provision for taxation is determined in accordance with the provisions of Income Tax Ordinance 2001.

Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The Company recognizes a deferred tax asset only to the extent that it is probable that future taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.15 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.16 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

4.17 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

4.18 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the transaction and also intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.19 Revenue recognition

Brokerage and commission income is recognized as and when services have been provided.

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.

Unrealized profit / (loss) arising from remeasuring investments at fair value through profit or loss - held for trading' are included in profit and loss account in the period in which they arise.

Income from Custody / NCSS Fees is recognized when services have been provided.

Gain / (loss) on sale of fixed assets is recognized on occurrence of transactions.

4.20 Transactions with related parties

Transactions with related parties are carried out at arm's length using the admissible pricing methods.

4.21 Dividend distributions and appropriations

Dividend distributions and appropriations if any, are recorded in the period in which the distributions and appropriations are approved.

5 **PROPERTY AND EQUIPMENT**

<i>Particulars</i>	<i>OWNER</i>				<i>Total</i>
	<i>Office equipment</i>	<i>Computers and related accessories</i>	<i>Vehicles</i>	<i>Furniture and fixture</i>	
	----- <i>Rupees</i> -----				
<i>Net book value as at June 30, 2018</i>	359,239	83,025	8,149,150	792,064	9,383,479
<i>Additions</i>	48,000	-	-	-	48,000
Depreciation charge	(81,448)	(27,398)	(1,629,830)	(158,413)	(1,897,089)
<i>Net book value as at June 30, 2019</i>	325,791	55,627	6,519,320	633,651	7,534,390
 <i>As at June 30, 2019</i>					
Cost	1,172,671	755,025	11,494,000	1,361,000	14,782,696
Accumulated depreciation	(846,880)	(699,398)	(4,974,680)	(727,349)	(7,248,306)
<i>Net book value</i>	325,791	55,627	6,519,320	633,651	7,534,390
 <i>Depreciation rate 2019</i>	<u>20%</u>	<u>33%</u>	<u>20%</u>	<u>20%</u>	
 <i>As at June 30, 2018</i>					
Cost	1,124,671	755,025	11,494,000	1,361,000	14,734,696
Accumulated depreciation	(765,432)	(672,000)	(3,344,850)	(568,936)	(5,351,217)
<i>Net book value</i>	359,239	83,025	8,149,150	792,064	9,383,479
 <i>Depreciation rate 2018</i>	<u>20%</u>	<u>33%</u>	<u>20%</u>	<u>20%</u>	

6	INVESTMENT PROPERTY	<i>Note</i>	2018 <i>Rupees</i>	2017 <i>Rupees</i>
	Cost			
	Opening	6.1	-	-
	Additions (at Cost)		5,220,000	5,220,000
	Disposals (at NBV)		-	-
	Closing		<u>5,220,000</u>	<u>5,220,000</u>
	Accumulated depreciation			
	Opening at July 01		<u>(522,000)</u>	-
	Charge for the year		<u>(522,000)</u>	(522,000)
	Closing		<u>(1,044,000)</u>	(522,000)
	NBV at June 30		<u>4,176,000</u>	<u>4,698,000</u>
	Rate of depreciation		<u>10%</u>	<u>10%</u>

6.1 These represents three offices in new stock exchange building.

7 INVESTMENTS - AT FAIR VALUE THROUGH OCI

2019	2018			
<i>Number of Shares</i>				
1,602,953	1,602,953	The shares of Pakistan Stock Exchange	20,838,389	31,658,322
3,034,603	3,034,603	The shares of Islamabad REIT Management	43,091,363	36,809,734
			<u>63,929,752</u>	<u>68,468,056</u>

7.1 This represents shares of Pakistan Stock Exchange Limited (PSX) formerly Karachi Stock Exchange Limited (KSEL) acquired in pursuance of corporatization and demutualization of PSX as a public company limited by shares. As per the arrangements the authorized and paid-up capital of PSX is Rs.10,000,000,000 and Rs.8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of PSX is equally distributed among 200 members of PSX by issuance of 4,007,383 shares to each member.

7.2	<i>Break up of shares received and transacted is as follows :</i>	<i>Note</i>	<i>Number of shares</i>
	Shares transferred to Chinese consortium		1,602,953
	Shares sold to general public	7.3	801,477
	Shares in hand	7.4	1,602,953
			<u>4,007,383</u>
7.3	<i>Shares sold to general public</i>		
	Prior year		<u>801,477</u>
7.4	<i>Shares in hand</i>		
	Long term investment -at fair value through OCI	7.5	<u>1,602,953</u>
7.5	Currently these are not available for trading and are classified as long term investment - at fair value through OCI		

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
8 INTANGIBLE ASSETS			
Membership Card of Pakistan Mercantile Exchange Ltd.		2,500,000	2,500,000
Pakistan Stock Exchange Trading Rights Entitlement Certificate		2,500,000	2,500,000
Pakistan Stock Exchange Trading Rights Entitlement Certificate	8.1	-	-
Software for trading	8.2	66,940	99,911
		<u>5,066,940</u>	<u>5,099,911</u>

8.1 Pakistan Stock Exchange Trading Rights Entitlement Certificate

Trading Rights Entitlement Certificate (TREC)	2,500,000	2,500,000
Decline in Value of (TREC)	<u>(2,500,000)</u>	<u>(2,500,000)</u>
	<u>-</u>	<u>-</u>

During the year company has surrender its TREC of Islamabad stock exchange.

8.2 Software for trading

Opening net book value	99,910	149,120
Amortization charge	<u>(32,970)</u>	<u>(49,210)</u>
Closing net book value	<u>66,940</u>	<u>99,910</u>
Cost	1,104,500	1,104,500
Accumulated amortization	<u>(1,037,560)</u>	<u>(1,004,590)</u>
	<u>66,940</u>	<u>99,910</u>

8.3 Rate of amortization

<u>33%</u>	<u>33%</u>
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9 LONG TERM DEPOSITS

Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Ltd.)	200,000	200,000
Pakistan Mercantile Exchange Limited	2,500,000	2,500,000
PMEX Clearin House Deposit	500,000	500,000
National Clearing Company of Pakistan Limited	200,000	200,000
Central Depository Company	100,000	100,000
Future Contracts	1,000,000	1,000,000
Others	9.1	10,000
		<u>4,510,000</u>
		<u>4,510,000</u>

9.1 This represents Railway land deposit with Pakistan Stock Exchange Limited.

10 DEFERRED TAX (ASSET)/DEFERRED TAX LIABILITY

Deferred taxation comprises differences relating to:

Debit balance arises due to:

Decelerated tax depreciation	(612,069)	(925,588)
Decelerated. tax amortization	180,022	(293,221)
Alternate corporate tax	-	-
	<u>(432,047)</u>	<u>(1,218,809)</u>

11 SHORT TERM DEPOSITS

Deposits with Karachi Stock Exchange Limited

	2019 Rupees	2018 Rupees
Future cash margin exposure	-	30,500,000
Future clearing house	-	11,147,261
	-	41,647,261

12 SHORT TERM INVESTMENTS

- At fair value through profit and loss

2019	2018		2019 Rupees	2018 Rupees
<i>Number of Shares</i>				
4,800	4,800	Adamjee Insurance Co. Limited	168,240	233,904
-	33,000	Akzo Nobel Pakistan Limited	-	6,163,080
35,000	35,000	Allied Bank Limited	3,675,700	3,610,250
38,800	38,800	Askari Bank Limited	733,708	848,556
18,480	16,800	Bank Al-Falah Limited	805,543	878,472
29,118	29,118	Bank Islami Pakistan	334,566	347,960
15,000	15,000	Bank of Khyber	147,900	204,750
-	125,000	Baluchistan Glass Ltd.		1,317,500
-	350,500	BYCO Petroleum Limited		4,276,100
24,500	24,500	Crescent steel & Allied	927,815	2,233,665
-	1,000,000	Dewan Cement Limited		18,000,000
1,000	1,000	Engro powergen qadirpur Limited	20,470	33,760
30,000	30,000	Fauji Cement Company Limited	471,900	685,500
-	2,299,000	First Dawood Investment Bank		8,322,380
10,000	10,000	Flying Cement Limited	135,600	171,600
-	200,000	Gharibwal Cement Limited		4,184,000
-	100,000	Hi-Tech Lubricants Limited		10,132,000
25,000	25,000	Hub Power Company Limited	1,968,750	2,304,000
1,208,500	1,208,500	Japan Power Generation Limited	-	-
3,000	3,000	JS Bank Limited	16,440	25,020
10,000	10,000	Jahangir Siddiqui & Co. Limited	108,200	181,900
32,937	538,937	Maple Leaf Cement Factory Limited	786,865	27,345,663
100,000	100,000	Media Times Limited	84,000	173,000
11,871	11,871	MCB Bank	2,070,896	2,347,728
76,500	76,500	National Bank of Pakistan	2,574,990	3,623,805
10,000	10,000	Netsol Technologies	658,900	1,210,700
-	50,000	Nimir Resins Limited	-	505,000
25,000	25,000	Pervez Ahmed Sec.Limited	13,000	24,000
525,000	525,000	Pakistan International Airlines Corp.	2,367,750	2,147,250
7,211	6,000	Pakistan International Bulk Terminal Ltd.	60,861	68,100
10,000	10,000	Pak Elektron Limited	200,200	354,600
-	1,000	Pakistan State Oil	-	318,310
115,000	115,000	Summit Bank Limited	74,750	247,250
-	2,500	Silver Star Insurance Co. Limited	-	-
149,000	149,000	Telecard Limited	156,450	265,220
27,000	1,522,500	TRG	441,720	43,604,400
11,800	11,800	United Bank Limited	1,739,084	1,993,964
-	1,161,000	World Call Telecom	-	2,240,730
			20,744,298	51,239,824

12.1 The market value of each security is as follows :

Securities are valued using market rate of June 28, 2019 as June 30, 2019 was a holiday of PSX.

Adamjee Insurance Co. Limited	35
Allied Bank Limited	105
Askari Bank Limited	19
Bank Al-Falah Limited	44
Bank Islami Pakistan	11
Bank of Khyber	10
Crescent steel & Allied	38
Engro powergen qadirpur Limited	20
Fauji Cement Company Limited	16
Flying Cement Limited	14
Hub Power Company Limited	79
JS Bank Limited	5
Jahangir Siddiqui & Co. Limited	11
Maple Leaf Cement Factory Limited	24
Media Times Limited	1
MCB Bank	174
National Bank of Pakistan	34
Netsol Technologies	66
Pervez Ahmed Sec.Limited	1
Pakistan International Airlines Corp.	5
Pakistan International Bulk Terminal Ltd.	8
Pak Elektron Limited	20
Summit Bank Limited	1
Telecard Limited	1
TRG	16
United Bank Limited	147

	2019 Rupees	2018 Rupees
13 CASH AND BANK BALANCES		
Cash at hand	187,274	162,073
Cash at bank - current accounts	464,183	869,838
- saving accounts	138,400,194	26,733,473
	<u>139,051,651</u>	<u>27,765,384</u>

14 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018		2019	2018
Number of Shares				
100	100	Ordinary shares of Rs.10 each fully paid in cash	1,000	1,000
8,943,826	8,943,826	Ordinary shares of Rs.10 each fully paid other than cash	89,438,260	89,438,260
<u>8,943,926</u>	<u>8,943,926</u>		<u>89,439,260</u>	<u>89,439,260</u>

<i>2019</i>	<i>2018</i>
<i>Rupees</i>	<i>Rupees</i>

15 TRADE AND OTHER PAYABLES

Trade creditors	1,231,792	8,498,322
Accrued expenses	789,586	1,694,235
Other payable	1,939,032	230,398
	<u>3,960,411</u>	<u>10,422,954</u>

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

No complain is pending against the company with Pakistan Stock Exchange Limited at year end.

16.2 Commitments

Commitments against unrecorded transactions executed before the year end having settlement date subsequent to year end are as follows: -

	<i>2019</i>	<i>2018</i>
	<i>Rupees</i>	<i>Rupees</i>
For purchase of shares	<u>-</u>	<u>35,230,404</u>
For sale of shares	<u>-</u>	<u>622,750</u>

Commitments against unrecorded future market transactions executed before the year end having settlement date subsequent to year end are as follows: -

	<i>2019</i>	<i>2018</i>
	<i>Rupees</i>	<i>Rupees</i>
For purchase of shares	<u>-</u>	<u>161,268,345</u>

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
17 OPERATING REVENUE			
Gross commission		12,522,864	13,954,083
Sales tax		<u>(1,440,683)</u>	<u>(1,809,276)</u>
		11,082,180	12,144,807
Commission to agents and dealers		-	(718,894)
		<u>11,082,180</u>	<u>11,425,913</u>
18 OPERATING EXPENSES			
Salaries, allowances and other benefits		5,718,000	2,944,500
Clearing houses and related charges		1,255,215	1,902,217
Printing and stationery		51,811	92,650
Utilities		552,373	379,870
Rent rate and taxes		4,000	60,000
Auditors' remuneration		377,300	252,500
Entertainment		5,800	16,250
Fees and subscription		458,504	428,575
Legal & professional charges		20,300	765,000
Traveling and conveyance		1,293,835	1,043,799
Repairs and maintenance		646,894	286,736
Depreciation	4	2,419,089	2,888,006
Amortization	6.2	32,970	49,210
Miscellaneous and general expenses		1,734,214	1,639,548
		<u>14,570,305</u>	<u>12,748,861</u>
19 OTHER INCOME			
Clearing houses and related charges		73,276	63,710
Custody fee		176,956	62,846
Rent income		805,000	1,000,541
Dividend income		4,607,154	5,726,867
Interest income		7,260,995	4,816,996
Other commission		11,170	533,858
Interest income on stock deposited		-	6,496
Gain on disposal of vehicle		-	1,406,835
Future Cash Margin Profit		851,152	-
		<u>13,785,703</u>	<u>13,618,149</u>
20 FINANCIAL COST			
Mark up on short term borrowings		39,372	2,692,486
Bank charges		60,046	127,171
		<u>99,418</u>	<u>2,819,656</u>
21 TAXATION			
<i>Current</i>	21.1	(1,574,468)	(5,280,954)
<i>Deferred tax</i>			
For the year		786,762	191,959
Prior year		-	(4,469,069)
		<u>786,762</u>	<u>(4,277,110)</u>

	2019 Rupees	2018 Rupees
21.1 Breakup of Current Tax		
Normal Tax for the year	715,438	715,438
PTR- ON SALE - KSE-233A	-	1,756,707
PTR ON PUR - KSE-233a	-	1,949,779
Final Tax on Dividend income	859,030	859,030
	<u>1,574,468</u>	<u>5,280,954</u>

21.2 Reconciliation between tax expense and accounting profit

Accounting profit before tax - excluding FTR	1,631,179	1,915,156
Income relating to final tax regime	15,689,334	17,152,780
Rental income - separate block	38,208,491	38,208,491
	<u>55,529,004</u>	<u>57,276,427</u>
Tax at applicable rate of 30%	489,354	574,547
Tax effects of:		
Accounting depreciation and amortization	725,727	321,673
Tax depreciation and tax amortization	(513,727)	(420,911)
Admissible Expenses-Net	211,999	(99,239)
Separate Block of Income	241,500	240,130
Effect of FTR Income	2,178,298	4,565,517
Deferred tax	(786,762)	4,277,110
Tax Expense	<u>2,334,390</u>	<u>9,558,065</u>

22 REMUNERATION TO DIRECTOR

Managerial remuneration	33,333	33,333
Number of persons	2	2

The Director has also provided with free traveling in according with term of services.

23 FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

Investment at fair value through profit or loss

Short term investments	20,744,298	51,239,824
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Loans and receivables

Long term deposits	4,510,000	4,510,000
Trade debts	423,822	398,679
Trade deposits	-	41,647,261
Cash and bank balances	139,051,651	27,765,384
	<u>143,985,473</u>	<u>74,321,324</u>
	<u>164,729,771</u>	<u>125,561,148</u>

Financial Liabilities

Financial liabilities - at amortized cost

Trade and other payables	3,960,411	10,422,954
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The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks potential adverse effects on the Company's financial performance.

Risk managed and measured by the Company are explained below: -

- a) Credit risk
- b) Liquidity risk
- c) Market risk
- d) Operational risk

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

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally from the investments, trade debts, Loan and advances, accrued income, deposits, other receivables and bank balances. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

Out of the total financial assets of Rs. 164.56 (2018 : Rs. 224.945) million the financial assets which are subject to credit risk amounted to Rs.164.56 (2018 : Rs. 224.945) million.

The carrying amount of following financial assets represents the maximum credit exposure: -

	2019	2018
	Rupees	Rupees
Long term security deposits	4,510,000	4,510,000
Investments - short term	20,744,298	51,239,824
Trade debts- consider good	423,822	398,679
Trade deposits	-	41,647,261
Bank Balances	138,864,377	27,603,311
	164,542,496	125,399,075

Provision for impairment losses

The aging of trade debts as at balance sheet is summarized below: -

	2019		2018	
	Gross	Impairment	Gross	Impairment
----- Rupees -----				
Past due 1-30 days	-	-	-	-
Past due 31 days -60 days	-	-	190	-
Past due 61 days -90 days	-	-	895	-
Above 90 days	423,822	-	397,595	-
Total	423,822	-	398,679	-

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities, including estimated interest payments: -

	2019			
	Carrying Amount	On Demand	Contractual Cash flows	Less than one year
----- Rupees -----				
Financial Liabilities				
Trade and other payables	3,172,705	(3,172,705)	(3,172,705)	(3,172,705)

	2018			
	Carrying Amount	On Demand	Contractual Cash flows	Less than one year
----- Rupees -----				
Financial Liabilities				
Trade and other payables	10,422,954	(10,422,954)	(10,422,954)	(10,422,954)

c) **Market Risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At year end, the Company is not exposed to any currency risk.

Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At year end, the company is not to exposes to interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments was as follows: -

	2019	2018
	(Percentage)	
Variable Rate Instruments		
Financial Liabilities		
- Short term loan		
Average rate	<u>Nil</u>	<u>Nil</u>

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

- Sensitivity analysis

At reporting date, if the market prices of each security held by the Company as short term investment had increased / decreased by Rupee 1 with all other variables remain constant, pre tax profit would have been higher / lower by the amount shown below.

	2019	2018
	Rupees	Rupees
Effect on profit		
Increase / Decrease	<u>2,564,521</u>	<u>8,664,126</u>

25 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The company finances its operations through equity, short term borrowings and by managing working capital.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital which is the sum of equity and net debt. Equity comprises of share capital, capital and revenue reserves. Net debt is arrived at by deducting cash and bank balances from borrowings. During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios worked out as follows: -

	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
Total borrowings	-	-
Cash and bank balances	<u>(139,051,651)</u>	<u>(27,765,384)</u>
Net debt	(139,051,651)	(27,765,384)
Total equity	<u>252,536,837</u>	<u>311,296,561</u>
Total Capital	<u>113,485,186</u>	<u>283,531,177</u>
Gearing ratio	<u>0.00%</u>	<u>0.00%</u>

25.1 Gearing ratio is NIL due to NIL borrowings at the year end

26 RELATED PARTY TRANSACTIONS

Related parties comprises associated companies, directors, key management personnel of member companies and various other related parties that has an interest in the Company that gives it significant influence over the Company. Transactions with related party are disclosed below.

	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
Transactions during the year		
Receipts of loans from directors	-	21,267,261
Repayment of loans to director	-	181,848,293

27 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

The aggregate amount charged in the financial statements for remuneration, including certain benefits, to the Chief Executive Officer and the directors of the Company is as follows: -

	<i>Directors</i>	
	<i>2019</i>	<i>2018</i>
	<i>----- Rupees -----</i>	
Managerial remuneration	<u>800,000</u>	<u>800,000</u>
Number of persons	<u>2</u>	<u>2</u>

27 ENTITY WIDE INFORMATION

The Company constitutes as a single reportable segment, operating in Pakistan.

	2019	2018
28 NUMBER OF EMPLOYEES		
Number of employees at the year end	<u>11</u>	<u>12</u>
Average number of employees for the year	<u>11</u>	<u>13</u>

29 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on

~~07 OCT 2019~~

30 GENERAL

The figures have been round off to the nearest rupee.


Chief Executive Officer




Director