

5 PROPERTY AND EQUIPMENT

Description	2019						Rate of dep				
	Cost			Accumulated Depreciation							
	As at 1 July 2018	Transferred from leased to owned assets	Additions	Disposals	As at 30 June 2019	As at 1 July 2018		For the Year	Adjustments	As at 30 June 2018	Net book value as at 30 June 2019
<b>Owned</b>											%age
Furniture and fixtures	364,230	-	-	-	364,230	306,460	5,777	-	312,237	51,993	10%
Office equipment	3,311,473	-	33,165	-	3,344,638	2,630,555	69,724	-	2,700,279	644,359	10%
Vehicles	223,000	-	-	-	223,000	218,670	866	-	219,536	3,464	20%
	<b>3,898,703</b>	<b>-</b>	<b>33,165</b>	<b>-</b>	<b>3,931,868</b>	<b>3,155,685</b>	<b>76,367</b>	<b>-</b>	<b>3,232,052</b>	<b>699,816</b>	

Description	2018						Rate of dep				
	Cost			Accumulated Depreciation							
	As at 1 July 2017	Transferred from leased to owned assets	Additions	Disposals	As at 30 June 2018	As at 1 July 2017		For the Year	Adjustments	As at 30 June 2018	Net book value as at 30 June 2018
<b>Owned</b>											%age
Furniture and fixtures	350,430	-	13,800	-	364,230	299,274	7,186	-	306,460	57,770	10%
Office equipment	3,311,473	-	-	-	3,311,473	2,554,897	75,658	-	2,630,555	680,918	10%
Vehicles	223,000	-	-	-	223,000	217,587	1,083	-	218,670	4,330	20%
	<b>3,884,903</b>	<b>-</b>	<b>13,800</b>	<b>-</b>	<b>3,898,703</b>	<b>3,071,758</b>	<b>83,927</b>	<b>-</b>	<b>3,155,685</b>	<b>743,018</b>	

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## 6 INTANGIBLE ASSETS

	Note	2019 Rupees	2018 Rupees
Trading Rights Entitlement Certificate ("TREC")	6.1	1,920,000	1,920,000
Rooms - PSX		3,100,000	3,100,000
PMEX Membership Card		1,000,000	1,000,000
		<u>6,020,000</u>	<u>6,020,000</u>

- 6.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.

The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. The TREC, which has been pledged with the PSX to meet Base Minimum Capital ("BMC") requirements, is assessed for impairment in accordance with relevant approved accounting standards.

## 7 LONG-TERM INVESTMENTS

	Note	2019 Rupees	2018 Rupees
<b>Investments at fair value through OCI</b>			
LSE Financial Services Limited (unquoted) - at fair value	7.1	15,259,068	4,080,000
Adjustment for remeasurement to fair value		3,899,165	11,179,068
		<u>19,158,233</u>	<u>15,259,068</u>

- 7.1 As a result of the demutualization and corporatization of stock exchanges as detailed in note 6.1, the Company received 843,975 shares of LSE Financial Services Limited. Of these, 60% (506,385 shares) were held in a separate Central Depository Company Limited ("CDC") sub-account, blocked until they are sold to strategic investors, financial institutions and/or the general public. The remaining shares (40% of total, or 337,590 shares) were allotted to the Company.

These shares are neither listed on any exchange nor are they actively traded. As a result, fair value has been estimated by reference to the latest break-up or net asset value per share of these shares notified by LSE Financial Services Limited (PKR 22.7 / per share, compared to PKR 18.08 / per share as at June 30, 2018). Remeasurement to fair value resulted in a gain of PKR 3,899,165 (2018: PKR 11,179,068).

## 8 LONG-TERM DEPOSITS

	Note	2019 Rupees	2018 Rupees
Trading floors	19.1	1,206,024	1,206,024
Building deposits with PMEX		2,500,000	2,500,000
Deposit With NCCPL		400,000	-
		<u>4,106,024</u>	<u>3,706,024</u>

## 9 TRADE DEBTS

	Note	2019 Rupees	2018 Rupees
Considered good	9.1	87,030	1,128,643
Considered doubtful		83,033	48,073
		<u>170,063</u>	<u>1,176,716</u>
Less: Provision for doubtful debts	9.2	83,033	48,073
		<u>87,030</u>	<u>1,128,643</u>

9.1 The Company holds client-owned securities with a total fair value of PKR 4,203,997 (2018: PKR 2,383,335) as collateral against trade debts. Refer to note 3.8 for details around the Company's methodology for computing estimated credit losses under the expected loss model under IFRS 9.

Trade debts include PKR 29 receivable from related parties.

9.2 Movement in provision against trade debts is as under:

	48,073	-
Opening balance (as at July 1)	34,960	48,073
Charged to profit and loss during the year	<u>83,033</u>	<u>48,073</u>
	-	
Amounts written off during the year	<u>83,033</u>	<u>48,073</u>
Closing balance (as at June 30)	<u><u>83,033</u></u>	<u><u>48,073</u></u>

## 10 TRADE DEPOSITS, SHORT-TERM PREPAYMENTS & OTHER RECEIVABLES

NCCPL deposit	-	400,000
Margin deposit	557,670	679,510
Receivable from NCCPL	358,443	124,754
	<u>916,113</u>	<u>1,204,264</u>

## 11 INCOME TAX REFUNDABLE

Note	2019 Rupees	2018 Rupees
Opening balance (as at July 1)	955,641	936,478
Add: Current year additions	439,973	346,650
	<u>1,395,614</u>	<u>1,283,128</u>
Less: Adjustment against provision for taxation	-	(327,487)
Balance at the end of the year	<u><u>1,395,614</u></u>	<u><u>955,641</u></u>

## 12 SHORT TERM INVESTMENTS

Investments at fair value through profit or loss

Investments in listed securities

Note	2019 Rupees	2018 Rupees
	19,789,879	8,865,078
	<u>19,789,879</u>	<u>8,865,078</u>

Shares with fair value of PKR 6,983,725 (2018: PKR 1,324,078) have been pledged with commercial banks for obtaining finance facilities.

Shares with fair value of PKR 7,362,628 (2018: PKR 5,156,777) are pledged with NCCPL and PSX against margin requirements.

## 13 CASH AND BANK BALANCES

Note	2019 Rupees	2018 Rupees
Cash in hand	13,721	3,214
Cash at bank		
Proprietary Accounts	50,112	11,443
Client Account	24,674	466,650
	<u>88,507</u>	<u>481,307</u>

13.1 Cash at bank includes customers' assets in the amount of PKR 24,674 (2018: 466,650) held in designated bank accounts.



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

	Note	2019 Rupees	2018 Rupees
<b>14.1 Authorized capital</b>			
2,800,000 (2018: 2,800,000) ordinary shares of PKR 10 each.		<u>80,000,000</u>	<u>80,000,000</u>
<b>14.2 Issued, subscribed and paid-up share capital</b>			
2,250,000 (2018: 2,250,000) ordinary shares of PKR 10/- each, issued for cash		22,500,000	22,500,000
3,500,000 (2018: 3,500,000) ordinary shares of PKR 10/- each, issued for consideration other than cash.		35,000,000	35,000,000
		<u>57,500,000</u>	<u>57,500,000</u>

**14.3 Shareholders holding 5% or more of total shareholding**

	Number of Shares		Percentage	
	2019	2018	2019	2018
M. Ilyas Shafi	1,440,000	1,440,000	25.0%	25.0%
M. Ashfaq Shafi	1,480,500	1,480,500	25.8%	25.8%
M. Ishtiaq Shafi	374,000	374,000	6.5%	6.5%
M. Altaf Shafi	1,405,000	1,405,000	24.4%	24.4%
M. Ikhlaq Shafi	407,000	407,000	7.1%	7.1%

**15 LONG-TERM FINANCING**

	Note	2019 Rupees	2018 Rupees
Loan from Directors - unsecured	15.2	<u>40,540,440</u>	<u>5,838,500</u>
		<u>40,540,440</u>	<u>5,838,500</u>

**15.2** This represents a subordinated, interest-free loan obtained from Directors of the Company to fund short-term working capital and other needs. Documented terms of the loan indicate that the loan is not repayable until after June 30, 2020. Repayment terms of the loan are such that the discounted value of the loan approximates proceeds received and, accordingly, the liability has been recorded at proceeds received.

**16 TRADE AND OTHER PAYABLES**

	Note	2019 Rupees	2018 Rupees
Trade creditors	16.1	337,979	324,555
Accrued expenses		374,217	164,561
Auditor's remuneration payable		125,000	-
		<u>837,196</u>	<u>489,116</u>

**16.1** This includes PKR 790 (2018: PKR nil) due to related parties.

**17 SHORT-TERM BORROWINGS**

	Note	2019 Rupees	2018 Rupees
From:			
Running finance	17.1	3,490,031	239,403
Loan from director	17.2	-	-
		<u>3,490,031</u>	<u>239,403</u>

**17.1** The Company has secured a running finance facility from Bank Al Habib Limited to meet working capital requirements. The facility, with a limit of PKR 5 million, carries mark-up at the rate of 3-month KIBOR + 2.5% per annum, payable quarterly. The facility is secured against pledged shares as well as the personal guarantee of all of the Company's Directors.

## 18 PROVISION FOR TAXATION

Balance at the beginning of the year		
Add: Current Year Provision	325,745	327,487
	<u>325,745</u>	<u>327,487</u>
Less: Adjustment against advance tax	-	-
Balance at the end of the year	<u>325,745</u>	<u>327,487</u>

## 19 CONTINGENCIES AND COMMITMENTS

19.1 The Company made a deposit with LSE Financial Services Limited in the amount of PKR 1,206,024 to secure rooms in Faisalabad and Sialkot. Due to ongoing litigation with respect to the space, there is a contingency associated with the amount. Management is expectant of either full recovery or obtaining room rights. Should neither of these outcomes materialize, Management intends to enforce recovery through all legal means available.

Other than the afore-noted, there are no contingencies or commitments of the Company as at June 30, 2019 (2018: Nil).

## 20 OPERATING REVENUE

	Note	2019 Rupees	2018 Rupees
Brokerage income		494,091	534,240
Dividend income		2,130,372	927,807
		<u>2,624,463</u>	<u>1,462,047</u>

## 21 OPERATING & ADMINISTRATIVE EXPENSES

	Note	2019 Rupees	2018 Rupees
Directors' remuneration		972,000	972,000
Staff salaries and benefits		1,440,000	1,269,000
Utilities and maintenance charges		151,977	224,312
CDC and NCCPL charges		277,468	176,709
Printing and stationery		26,032	39,014
Postage and telegram		19,781	21,233
Telephone expenses		152,533	181,949
Electricity expenses		369,018	425,355
Entertainment		9,027	22,170
Computer expenses		12,800	15,550
Fee and subscription		362,591	339,484
Newspaper and periodicals		4,256	11,389
PSX charges		249,136	73,793
Bad Debts Expense		34,960	48,073
Miscellaneous		62,805	150,144
Auditor's remuneration	21.1	125,000	125,000
Depreciation	5	76,367	83,927
		<u>4,345,751</u>	<u>4,179,102</u>

### 21.1. Auditor's remuneration

Statutory audit		125,000	125,000
Certifications and other charges		-	-
		<u>125,000</u>	<u>125,000</u>

**22 FINANCIAL CHARGES**

Mark-up on interest-bearing loans  
Bank and other charges

Note	2019 Rupees	2018 Rupees
	233,213	63,409
	20,437	18,824
	<u>253,650</u>	<u>82,233</u>

**23 OTHER INCOME / LOSSES**

Sundry / miscellaneous income

Note	2019 Rupees	2018 Rupees
	996	-
	<u>996</u>	<u>-</u>

**24 TAXATION**

Current tax expense / (income)  
for the year  
prior years

Note	2019 Rupees	2018 Rupees
	325,745	327,487
	-	-
	<u>325,745</u>	<u>327,487</u>

The tax provision made in the financial statements is considered sufficient.

**25. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing profit after tax for the year by the weighted average number of shares outstanding during the period, as follows:

Profit / (loss) after taxation, attributable to ordinary shareholders  
Weighted average number of ordinary shares in issue during the year  
Earnings per share

2019 Rupees	2018 Rupees
(28,639,616)	(11,551,313)
5,750,000	5,750,000
<b>(4.98)</b>	<b>(2.01)</b>

No figure for diluted earnings per share has been presented as the Company has not issued any dilutive instruments carrying options which would have an impact on earnings per share when exercised.

**26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The Chief Executive Officer of the Company received PKR 972,000 (2018: 972,000) in aggregate remuneration during the year.



## 27 FINANCIAL INSTRUMENTS BY CATEGORY

2019			
Amortized cost	FVOCI	FVTPL	Total
Rupees			

**ASSETS****Non-current assets**

Long term deposits	4,106,024	-	-	4,106,024
Long term investment	-	19,158,233	-	19,158,233

**Current assets**

Short-term investments	-	-	19,789,879	19,789,879
Trade debts - net	87,030	-	-	87,030
Deposits and prepayments	916,113	-	-	916,113
Cash and bank balances	88,507	-	-	88,507

**LIABILITIES****Non current Liabilities**

Loan from Directors	40,552,672	-	-	40,552,672
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**Current liabilities**

Trade and other payables	837,196	-	-	837,196
Short term borrowing	3,490,031	-	-	3,490,031

2018			
Amortized cost	FVOCI	FVTPL	Total
Rupees			

**ASSETS****Non-current assets**

Long-term deposits	3,706,024	-	-	3,706,024
Long term investment	-	15,259,068	-	15,259,068

**Current assets**

Short-term investments	-	-	8,865,078	8,865,078
Trade debts - net	1,128,643	-	-	1,128,643
Deposits and prepayments	1,204,264	-	-	1,204,264
Cash and bank balances	481,307	-	-	481,307

**LIABILITIES****Non current Liabilities**

Loan from Directors	5,838,500	-	-	5,838,500
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**Current liabilities**

Short-term borrowings	239,403	-	-	239,403
Trade and other payables	489,116	-	-	489,116

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### 28.1 Risk management framework

The Director / Chief Executive has overall responsibility for the establishment and oversight of the Company's risk management framework. He is also responsible for developing and monitoring the Company's risk management policies, which are monitored and assessed for effectiveness throughout the year. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to establish internal control over risk. Through its training and management standards and procedures, the Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company has established adequate procedures to manage each of these risks as explained below.

### 28.2 Market risk

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

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

#### 28.2.1 Currency risk

Currency risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to major foreign exchange risk in this respect.

#### 28.2.2 Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the maturity / repricing of financial assets and liabilities through appropriate policies.

#### 28.2.3 Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices, whether such changes are due to factors specific to individual financial instruments (including factors specific to issuers of such instruments) or due to macroeconomic or other factor affecting similar financial instruments being traded in the market.

The Company is exposed to price risk in respect of investments carried at fair value (whether as available-for-sale investments or as instruments at fair value through profit or loss). Such price risk comprises both the risk that price of individual equity investments will fluctuate and the risk that there will be an index-wide movement in prices. Measures taken by the Company to monitor, manage and mitigate price risk include daily monitoring of movements in stock indexes (such as the KSE 100 index) as well as of the correlation between the Company's investment portfolio with stock indexes.

### 28.3 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. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.



Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, loans and advances, investments and other receivables. The carrying amount of financial assets represents the maximum credit exposure, although this maximum is a theoretical formulation as the Company frequently holds collateral against potential credit losses.

Measures taken by management to manage and mitigate credit risk include:

- Development of and compliance with risk management, investment and operational policies / guidelines (including guidelines in respect of entering into financial contracts);
- Assignment of trading limits to clients in accordance with their net worth;
- Collection / maintenance of sufficient and proper margins from clients;
- Initial and ongoing client due diligence procedures, where clients' financial position, past experience and other factors are considered;
- Collection and maintenance of collateral if, as and when deemed necessary and appropriate;
- Diversification of client and investments portfolios; and
- Engagement with creditworthy / high credit rating parties such as banks, clearing houses and stock exchanges.

The Company continually monitors the quality of its debtor portfolio, both on an individual and portfolio basis, and provides against credit losses after considering the age of receivables, nature / quantum of collateral and debtor-specific factors (such as creditworthiness and repayment capacity).

The carrying amount of financial assets, which represents the maximum credit exposure before consideration of collateral and counterparty creditworthiness, is as specified below:

	2019	2018
Long term investments	19,158,233	15,259,068
Long term deposits	4,106,024	3,706,024
Trade debts - net	87,030	1,128,643
Deposits and prepayments	916,113	1,204,264
Short term investments	19,789,879	8,865,078
Cash and bank balances	88,507	481,307
	<u>44,145,786</u>	<u>30,644,384</u>

#### 28.4 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations, settled by delivering cash or another financial asset, as they fall due. Prudent liquidity risk management requires the maintenance of sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to the dynamic nature of the business and the industry it operates in. The Company finances its operations through equity and, as and when necessary, borrowings, with a view to maintaining an appropriate mix between various sources of financing.

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

Financial liabilities	As at June 30, 2019		
	Carrying amount	Within one year	More than one year
L Loan from Directors	40,552,672	-	40,552,672
Short term borrowings	3,490,031	3,490,031	-
Trade and other payables	837,196	837,196	-
<b>Total</b>	<u>44,879,899</u>	<u>4,327,227</u>	<u>40,552,672</u>

Financial liabilities	As at June 30, 2018		
	Carrying amount	Within one year	More than one year
L Loan from Directors	5,838,500	-	5,838,500
L Short-term borrowings	239,403	239,403	-
S Trade and other payables	489,116	489,116	-
<b>Total</b>	<b>6,567,019</b>	<b>728,519</b>	<b>5,838,500</b>

The Company does not expect that the timing or quantum of cash flows outlined in the table above will change significantly, and as a result expects to be able to fulfill its obligations as they come due.

## 29 CAPITAL RISK MANAGEMENT

The Company's objective in managing capital is to ensure that the Company is able to continue as a going concern so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. As well, the Company has to comply with capital requirements as specified under the Securities Brokers (Licensing and Operations) Regulations, 2016 (as well as other relevant directives from regulating bodies issued from time to time).

Consistent with industry practice, the Company manages its capital risk by monitoring its debt levels and liquid assets, keeping in view future investment requirements.

## 30 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount that would be received on the sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operations or to undertake a transaction on adverse terms.

Various judgments and estimates are made in determining the fair value of financial instruments that are recognized and measured at fair value in the Company's financial statements. To provide an indication about the reliability of inputs used in determining fair value, financial instruments have been classified into three levels, as prescribed under accounting standards. An explanation of each level follows the table.

Recurring FV Measurement - June 30, 2019	Level I	Level II	Level III	Total
Long-term investment - at FVOCI	-	19,158,233	-	19,158,233
Short-term investments - at FVTPL	19,789,879	-	-	19,789,879
Recurring FV Measurement as at June 30, 2018	Level I	Level II	Level III	Total
Long-term investment - at FVOCI	-	15,259,068	-	15,259,068
Short-term investments - at FVTPL	8,865,078	-	-	8,865,078

In the fair value hierarchy in the preceding table, inputs and valuation techniques are as follows:

- Level 1: Quoted market price (unadjusted) in an active market
- Level 2: Valuation techniques based on observable inputs
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

There were no transfers into or out of Level 1 measurements.

31 RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of shareholders/ directors, key management personnel, entities with common shareholding, entities over which the directors are able to exercise influence and entities under common directorship. Transactions with related parties and the balances outstanding at year end are disclosed in the respective notes to the financial statements.

32 EVENTS AFTER REPORTING PERIOD

No events occurred after the reporting period that would require adjustment or disclosure in the financial statements.

33 NUMBER OF EMPLOYEES

Total number of employees at the end of year was 3 (2018: 3). Average number of employees was 3 (2018: 3)

34 RE-CLASSIFICATION AND RE-ARRANGEMENTS

Corresponding figures have been reclassified and re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison, and in order to improve compliance with disclosure requirements.

		2019
		Rupees
35	<b>CAPITAL ADEQUACY</b>	
	<i>Total Assets</i>	35.1 52,261,216
	<i>Less: Total Liabilities</i>	45,205,644
	<i>Less: Revaluation Reserves (created upon revaluation of fixed assets)</i>	-
	<b>Capital Adequacy Level</b>	<u><u>7,055,572</u></u>

35.1 While determining the value of the total assets of the TREC Holder, the notional value of the TRE certificate held by Shaffi Securities (Private) Limited as at June 30, 2019 as determined by Pakistan Stock Exchange has been considered.

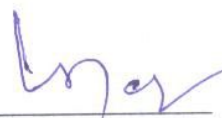
36 GENERAL

Amounts have been rounded off to the nearest rupee, unless otherwise stated.

37 AUTHORIZATION

37.1 These financial statements were authorized for issue on October 02, 2019 by the Board of Directors of the Company.

  
Chief Executive

  
Director

