

ASDA SECURITIES (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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To the members of ASDA Securities (Private) Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **M/s. ASDA Securities (Private) Limited**, ("the Company") which comprise of 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, 2019 and of the loss, 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 and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the other information. The other information comprises the information included in for *Director's Report*, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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- 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, where necessary, 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 incomes, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Hanif Razzak.

Karachi: 30 SEP 2019


Kreston Hyder Bhimji & Co
Chartered Accountants

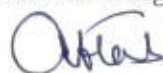
ASDA Securities (Private) Limited

Statement of Financial Position

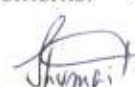
As at June 30, 2019

	Note	2019	2018
-----Rupees-----			
ASSETS			
Non-Current assets			
Property, Plant and Equipment	6	8,488,572	10,885,927
Intangible Assets	7	566,669	766,669
Long Term Investments	8	5,209,594	7,914,575
Long Term Loan to Staff		2,206,000	744,500
Long Term Deposits	9	3,605,109	1,505,109
		20,075,944	21,816,780
Current Assets			
Trade Debts	10	39,409,949	60,766,613
Loans and Advances	11	117,500	138,000
Trade Deposits and Prepayments	12	28,221,515	9,930,652
Short term investments	13	153,353,925	298,720,450
Bank Balances	14	15,426,644	10,802,424
		236,529,533	380,358,140
TOTAL ASSETS		256,605,477	402,174,920
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
15,000,000 (2018: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, Subscribed and Paid-up capital	15	140,000,000	140,000,000
Unappropriated profit		(85,750,352)	28,939,218
		54,249,648	168,939,218
Loan from director & sponsor - Equity Contribution	16	19,500,000	-
		73,749,648	168,939,218
CURRENT LIABILITIES			
Trade and other payables	17	48,574,470	96,425,739
Accrued markup	18	4,664,315	2,683,601
Short term borrowings -secured	19	129,617,044	134,126,361
		182,855,829	233,235,702
Contingencies and commitments	20	-	-
		256,605,477	402,174,920

The annexed notes 1 to 34 form an integral part of these financial statements. 



Chief Executive



Director

ASDA Securities (Private) Limited
Statement of Profit or Loss
And Other Comprehensive Income
For The Year Ended June 30, 2019

	Note	2019 -----Rupees-----	2018
Operating Revenues	21	28,242,409	30,849,966
Unrealized (loss)/gain on remeasurement of listed shares		(13,820,943)	1,681,379
Realized Profit / (Loss) on sale of Listed Share		(70,288,553)	(38,471,780)
		(55,867,087)	(5,940,434)
Administrative Expenses	22	26,226,428	36,367,319
Other operating Expenses	23	33,188	572,380
Finance Cost	24	16,905,601	13,956,572
		43,165,217	50,896,271
Other Income - Gain on disposal of property, plant & equipment		-	90,679
Loss before taxation		(99,032,304)	(56,746,026)
Provision for taxation	25	(5,377,521)	(9,362,701)
Loss after taxation		(104,409,825)	(66,108,728)
Other Comprehensive Income			
Re-classification adjustment relating to available for sale investment disposed off during the year		(2,453,404)	-
Fair value (loss) / gain on initial recognition of available for sale investments		(7,826,341)	(9,505,512)
Total Comprehensive (Loss) / Income		(114,689,570)	(75,614,239)
(Loss) / Earning Per Share - Basic and diluted		(7.46)	(4.72)

The annexed notes 1 to 34 form an integral part of these financial statements.


Chief Executive


Director

ASDA Securities (Private) Limited
Statement of Cash Flows
For The Year Ended June 30, 2019

	Note	2019	2018
		-----Rupees-----	
Cash flows From Operating activities			
Cash flow from operations	26	(111,973,373)	108,553,435
Finance cost paid		(14,924,887)	(14,314,031)
Long term deposits		(2,100,000)	-
Long term loan to employees		(1,461,500)	(653,500)
Income tax Paid		(5,377,521)	(6,321,274)
Net Cash (used in)/generated from operating activities		(135,837,281)	87,264,630
Cash flows From Investing Activities			
Additions to property , plant and equipment		-	(7,139,000)
Sales proceed of disposal in property, plant and equipment		1,500,000	3,700,000
Short term Investments - net		123,970,818	(18,296,942)
Net Cash (used in)/generated from investing activities		125,470,818	(21,735,942)
Cash flows From Financing Activities			
Loan from director & sponsor - Equity Contribution		19,500,000	-
Net (decrease)/increase in cash and cash equivalents		9,133,536	65,528,688
Cash and cash equivalent at beginning		(123,323,937)	(188,852,625)
Cash and cash equivalent at end	27	(114,190,401)	(123,323,937)

The annexed notes 1 to 34 form an integral part of these financial statements. u


Chief Executive


Director

ASDA Securities (Private) Limited
Statement of Changes in Equity
For The Year Ended June 30, 2019

	Issued, Subscribed and Paid up Capital	Un-appropriated Profit	Loan from director & sponsor - Equity Contribution	Total
	-----Rupees-----			
Balance as at July 01, 2017	140,000,000	104,553,457	-	244,553,457
Total Comprehensive income for the year	-	(75,614,239)	-	(75,614,239)
Balance as at June 30, 2018	140,000,000	28,939,218	-	168,939,218
Loan received during the year	-	-	19,500,000	19,500,000
Total Comprehensive loss for the year	-	(114,689,570)	-	(114,689,570)
Balance as at June 30, 2019	140,000,000	(85,750,352)	19,500,000	73,749,648

The annexed notes 1 to 34 form an integral part of these financial statements.


Chief Executive


Director

ASDA Securities (Private) Limited

Notes to the Financial Statements For The Year Ended June 30, 2019

1 The Company and its operation

The company was incorporated under the Companies Ordinance, 1984 on 24th June, 2006 as a Private Limited Company. The company is principally engaged in the business of equity brokerage, equity research and corporate finance advisory. The registered office of the company is situated at office no NB-406,407,408, 4th Floor new stock exchange building, Karachi.

2 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 for small and medium size Entities (IFRSs for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

3 Significant Transactions And Events Affecting The Company'S Financial Position And Performance

Operating revenue (brokerage commission) from customers has decreased significantly during the year. The major reason for loss of revenue is the loss of overall individual investors' confidence in the stock market, which is evident from decrease in PSX 100 index.

Company has incurred significant losses in its short term investments in current year as compared to gain in last year.

4 BASIS OF PREPARATION

4.1 Basis of measurement

These financial statements comprise of statement of financial position, Statement of profit or loss, statement of comprehensive income, statement of changes in equity and statements of cash flows together with explanatory notes forming part thereof and have been prepared under the 'historical cost convention' except as has been specifically stated below in respective notes.

4.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.

4.3 Critical Accounting estimates and judgments:

The preparation of financial statements requires management to make judgments, estimates and assumption that have an effect on the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on the historical experience and various factors that are believe to be reasonable under the circumstances. the result of which the basis of making judgment about the carrying amount of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which estimates are 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.

- (a) Recognition of taxation and deferred taxation (note 5.6);
- (b) Determining the residual values and useful lives of property and equipment (note 5.1);
- (c) Impairment of financial assets (note 5.4); and
- (d) Classification of Investments.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property and Equipment

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any.

Depreciation on all fixed assets is charged to profit and loss account applying the reducing balance method whereby the cost of an assets is written off over its estimated useful life at rates given in note no 6. A Monthly's depreciation is charged on additions while no depreciation is charged on assets disposed during the month.

Maintenance and normal repairs are charged to profit and loss account, as and when incurred. Gain or loss on disposal of fixed assets is included is recognized as income in the year of disposal.

5.2 Capital work in Progress:

Capital work in progress, if any, is stated at cost.

5.3 Intangible assets

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

Amortization is charged to profit and loss account on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. All intangible assets are systematically tested for impairment at each balance sheet date. A full year's amortization is charged on additions while no depreciation is charged on assets disposed during the year.

a) Membership Card and Offices

Membership cards, room and booth are stated at cost of acquisition. Provision is made annually in the accounts for permanent diminution, if any, in the value of this assets. During the year upon demutualization of the Karachi Stock Exchange Limited the changes effected has been recorded which are stated in respective notes.

b) Computer Software

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

Computer Software and License are stated at cost less accumulated amortization and any identified impairment loss.

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

5.4 Investments

At fair value through profit or loss

These represent Investments in equity instruments, are valued at lower of cost and fair value, determined on an aggregated basis. The fair value of these investments representing listed equity securities is determined on the basis of year-ended bid prices.

Investments - Available for sale

Available for sale investment are initially recognized at fair value plus attributable transactions costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in other comprehensive income. Gains or losses on available for sale investments are recognized in other comprehensive income until the investments are sold or disposed off or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is included in current period's profit and loss account.

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5.5 Trade debts

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

5.6 Taxation

Current :

Provision for current taxation in the accounts is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax on turnover or alternate corporate tax, whichever is higher.

Deferred :

The Company accounts for deferred taxation arising on all temporary differences by using the liability method but does not account for net deferred tax asset unless the realization whereof is certain in foreseeable future.

5.7 Trade and other payables

Liabilities for trade and other amount payables are carried at cost which is the fair value of the consideration to be paid in future for good and services.

5.8 Provisions

A provision is recognized in the financial statements when the company has a legal or constructive obligation as a result of a past event, 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.

5.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents consist of cash in hand and balances with banks.

5.10 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

5.11 Financial assets and liabilities

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, or amortized cost, as the case may be.

5.12 Offsetting of financial assets and liabilities

All financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

5.13 Borrowings

Borrowings are recorded at the amount of proceeds received.

5.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

5.15 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and conditions.

5.16 Revenue recognition

- a) Brokerage, commission, consultancy fees and other income are recognized as and when services are provided
- b) Dividend income is recognized when the right to receive the dividend is established.
- c) Gains/(Loss) arising on sale of investments are included in the profit and loss account in the period in which they arise by following trade date basis.

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6 Property, Plant and Equipment

2019				
Furniture and fittings	Computers	Vehicles	Office at KSE Building	Total

-----Rupees-----

Net Carrying value basis - June 30, 2019

Opening net book value	232,677	50,323	5,256,339	5,346,588	10,885,927
Additions (at Cost)	-	-	-	-	-
Disposals (NBV) (note 6.1)	-	-	(1,533,188)	-	(1,533,188)
Depreciation charge	(23,268)	(15,097)	(558,473)	(267,329)	(864,167)
Closing net book value	209,409	35,226	3,164,679	5,079,259	8,488,572

Gross Carrying value basis - June 30, 2019

Cost	437,824	427,740	5,286,187	5,700,000	11,851,751
Accumulated depreciation	(228,415)	(392,514)	(2,121,509)	(620,741)	(3,363,179)
Net book value - 2018	209,409	35,226	3,164,679	5,079,259	8,488,572

2018				
Furniture and fittings	Computers	Vehicles	Office at KSE Building	Total

-----Rupees-----

Net Carrying value basis - June 30, 2018

Opening net book value	258,530	71,890	6,077,847	2,360,253	8,768,520
Additions (at Cost)	-	-	1,919,000	5,220,000	7,139,000
Disposals (NBV)	-	-	(1,856,321)	(1,909,321)	(3,765,642)
Depreciation charge	(25,853)	(21,567)	(884,187)	(324,344)	(1,255,951)
Closing net book value	232,677	50,323	5,256,339	5,346,588	10,885,927

Gross Carrying value basis - June 30, 2018

Cost	437,824	427,740	7,136,187	5,700,000	13,701,751
Accumulated depreciation	(205,147)	(377,417)	(1,879,848)	(353,412)	(2,815,824)
Net book value - 2018	232,677	50,323	5,256,339	5,346,588	10,885,927

Depreciation rates

10% 30% 15% 5%

6.1 Assets disposed off during the year through negotiation

Particulars	Cost	Accumulated Depreciation	WDV	Sales Proceeds	Gain / (Loss) on Disposal
Car - Toyota Prius	1,850,000	316,813	1,533,188	1,500,000	(33,188)
Total	1,850,000	316,813	1,533,188	1,500,000	(33,188)

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	Note	2019	2018
-----Rupees-----			
7 INTANGIBLE ASSETS			
Membership Entitlements			
Pakistan Stock Exchange Limited TREC	7.1 & 8.1	200,000	200,000
		200,000	200,000
Computer Software			
Computer software - Back office		566,669	766,669
less: Amortization during the year (1/5th amortization)		(200,000)	(200,000)
		366,669	566,669
		566,669	766,669
7.1 Pakistan Stock Exchange Limited has been demutualized and in terms whereof it's members have been allowed in exchange of membership, " Trading Right Entitlement Certificate (TREC)" along with shareholding in Pakistan Stock Exchange Ltd. The Company has recorded the value of membership in the KSE at Rs.50.5 Million as Intangibles while Pakistan Stock Exchange vide letter no: KSE/SECP-2013/1 have indicated notional value whereof at Rs. 15 Million. The Company have however allocated the carrying value/cost to the TREC at Rs.10.426 Million and taken the balance to the value of Pakistan Stock Exchange Limited shares. Fair value of the TREC has been re-evaluated and impairment loss being difference of projected bid price of TREC at that time and recorded value has been provided for.			
8 LONG TERM INVESTMENTS			
Available for Sale			
400,738 (2018: 400,738) Shares of Rs. 10 each of Pakistan Stock Exchange Limited	7.1 & 8.1	7,914,575	10,290,958
Less: Remeasurement loss		(2,704,981)	(2,376,383)
		5,209,594	7,914,575
8.1 Face value of shares allotted by Pakistan Stock Exchange Limited in lieu of membership of the PSX works out at Rs.40.074 Million, while the recorded value of the membership card as Intangible asset was Rs. 50.5 Million, however the company have recorded the face value of the shares allotted and classified as available for sale and will follow the re-measurement method upon initiation of active market for these shares. In accordance with the demotulization policy 60% of allotted shares 2,404,430 have been kept in blocked account with Central Depository Company of Pakistan Limited while 1,602,953 shares are credited to Companies CDC account. While, 764 shares transferred from frozen to available during the year.			
9 LONG TERM DEPOSITS			
Deposit with Pakistan Stock Exchange Ltd		-	200,000
Deposit with CDC Pakistan Ltd		100,000	100,000
Deposit with National Clearing Company of Pak Ltd		1,400,000	1,200,000
Base Minimum Capital Requirement PSX		2,105,109	5,109
		3,605,109	1,505,109
10 TRADE DEBTS			
Unsecured			
Considered Good	10.1	39,409,949	60,766,613
		39,409,949	60,766,613
10.1 Ageing analysis of amount due from customers			
Not exceeding 5 days from trade date		507,405	2,034,489
Exceeding 5 days but not exceeding 14 days		6,164,471	36,685,489
		6,671,876	38,719,978
Exceeding 14 days against which listed securities held		32,738,073	22,046,635
Value after Hair cut applied on the basis of VAR		30,040,357	22,046,635

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	Note	2019	2018
		-----Rupees-----	
11 LOANS AND ADVANCES-Considered good, Unsecured			
Current Portion of Long term loan to staff		117,500	138,000
		<u>117,500</u>	<u>138,000</u>
12 TRADE DEPOSITS AND OTHER RECEIVABLES			
Trade deposits - (NCCPL - Ready Exposure Margin)		630,000	3,300,000
Trade deposits - (NCCPL - MTS Exposure Margin)		3,100,567	1,750,575
Trade deposits - (NCCPL - Future Exposure / Losses in DFC) - and Future Profit Retained		21,576,822	1,971,815
Receivable from Stock Exchange		-	221,855
Receivable from NCPL Against Trading Settlements		-	1,476,692
Other Receivable from Chief Executive		1,000,000	-
Others-- Agent Receivable		1,914,125	1,209,715
		<u>28,221,515</u>	<u>9,930,652</u>
13 SHORT TERM INVESTMENTS			
At fair value through profit or loss			
In Listed Companies	13.1	143,490,565	274,976,704
		143,490,565	274,976,704
Available for Sale Investment:			
Pakistan Stock Exchange Limited			
758,720 (2018: 1,202,215) Shares of Rs. 10 each	8.1	9,863,360	23,743,746
		<u>153,353,925</u>	<u>298,720,450</u>
13.1 In Listed Shares			
Cost of Investments including held under MTS		157,311,508	273,295,325
Unrealized remeasurement gain		(13,820,943)	1,681,379
Net Carrying Values being market values		<u>143,490,565</u>	<u>274,976,704</u>
Value of shares held in CDC house or customers		<u>255,261,922</u>	<u>420,341,229</u>
Value of shares under pledge house and sponsors/Family members		<u>105,750,626</u>	<u>96,257,009</u>
14 BANK BALANCES			
Js Bank Ltd - K.S.E Branch (Client A/c) - Stock Exchange Br		14,698,975	10,752,375
Meezan Bank Ltd (Client A/c) - Stock Exchange Br		700,993	22,809
Cash at bank - Client's current accounts balances		15,399,968	10,775,184
MCB Bank Ltd - K.S.E Branch		17,431	17,431
Summit Bank Ltd - K.S.E Branch		500	500
Meezan Bank Ltd (O/D)- K.S.E Branch		8,745	9,310
Cash at bank - Current Accounts		26,676	27,241
		<u>15,426,644</u>	<u>10,802,424</u>
15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
		2019	2018
		4,500,000	4,500,000
		9,500,000	9,500,000
		<u>14,000,000</u>	<u>14,000,000</u>
		45,000,000	45,000,000
		95,000,000	95,000,000
		<u>140,000,000</u>	<u>140,000,000</u>

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15.1 Pattern of shareholding

Name of share holders	2019	2018	2019	2018
	% of Holding		No of shares	
1. Mr. Aftab Sattar	60%	60%	8,399,000	8,399,000
2. Mr. Abdul Rauf	10%	10%	1,400,000	1,400,000
3. Mrs. Erum Aznim	25%	25%	3,500,000	3,500,000
4. Mr. Abdul Jabbar	5%	5%	700,000	700,000
5. Others less than 5 %	0.01%	0.01%	1,000	1,000
	100%	100%	14,000,000	14,000,000

2019 2018
-----Rupees-----

16 LOAN FROM DIRECTOR & SPONSOR - EQUITY CONTRIBUTION

Loan From Director & Sponsor - Unsecured, interest free	19,500,000	-
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This represents loan from Director, Sponsor and repayable at the discretion of the company, hence in accordance with TR-32 issued by Institute of Chartered Accountants of Pakistan (ICAP), the loan has been classified as equity contribution as per Selected Opinion of ICAP.

17 TRADE AND OTHER PAYABLES

Creditors for sale of shares on behalf of clients	17.1	15,404,969	10,776,184
MTS unreleased payable		31,224,527	83,624,313
		46,629,496	94,400,497
Traders share in commission payable	17.2	375,806	476,719
Accrued Expenses		509,154	489,386
Other Liabilities	17.3	1,060,014	1,059,137
		48,574,470	96,425,739

17.1 This includes an amount of Rs. 1,937,658 /- (2018: Rs. 12,253) payable to director.

17.2 This includes Rs. 23,842 /- (2018: Rs.Nil) payable to Chief Executive.

17.3 Other Liabilities

Withholding tax	4,108	4,759
Sindh sales tax on IPO Income	-	32,178
Sindh sales tax on commission	226,987	193,281
Workers welfare fund	828,919	828,919
	1,060,014	1,059,137

18 ACCRUED MARKUP

Accrued mark-up on running finance - secured	4,664,315	2,683,601
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19 SHORT TERM BORROWINGS -Secured

Secured, Markup Bearing			
Running finances from bank	19.1	129,617,044	134,126,361
		129,617,044	134,126,361

19.1 The facilities for running finance available from a commercial banks aggregating to Rs.300 million (2018 : Rs.300 million) and carry mark-up at the rate 3 M Kibor + 200 points spread (2018 : 3 M Kibor + 200 points spread) per annum calculated on a daily product basis chargeable and payable quarterly. These arrangements are secured against pledge/hypothecation of marketable securities, movable assets, and collaterally secured by equitable mortgage of property owned by sponsors valuing Rs 90 Million and personal guarantee of all the directors.

Value of shares under pledge with lending banks - House Account	71,322,265	74,492,134
Value of shares under pledge with lending banks - Sponsors/Family members	16,734,840	21,764,875

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20 Contingencies and Commitments

There were no guarantees given by the company on behalf of any related party during the year.

There were no contingencies and commitments at the year end.

		2019	2018
		-----Rupees-----	
21 OPERATING REVENUES			
Brokerage Revenue - Securities - net of brokerage shares	21.1	26,196,061	26,108,784
Income From Margin Finance		6,946,918	2,749,210
Income From Exposure Deposits NCCPL - MTS		297,561	354,171
Income From Exposure Deposits NCCPL - RMS		628,198	219,396
Other Income		603,269	-
Income From New script Commission (IPO)		811	64,557
Income From Cash Exposure Margin		-	6,964
		<u>34,672,817</u>	<u>29,503,082</u>
Less: Trader's shares in brokerage		<u>(13,459,021)</u>	<u>(8,023,424)</u>
		<u>21,213,796</u>	<u>21,479,658</u>
Dividend Income		<u>7,028,613</u>	<u>9,370,308</u>
		<u><u>28,242,409</u></u>	<u><u>30,849,966</u></u>
21.1 Brokerage revenue:			
From Proprietary trade		11,740,913	7,396,930
From Retail customers		14,239,975	18,049,891
From Institutional customers		215,173	661,963
		<u>26,196,061</u>	<u>26,108,784</u>
22 ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries and benefits		15,172,500	12,499,000
Fees, subscription and charges		4,889,025	4,653,063
Communication		339,734	332,496
Conveyance and Travelling Expenses		756,696	2,651,640
KSE IT and Kats		645,896	228,550
Utilities		518,685	381,968
Office repairs and maintenance		81,600	780,893
Software Maintenance		652,574	1,035,244
General Expenses		882,060	1,482,546
Printing and stationery / Courier Service		19,910	38,300
Rent, rates & Taxes		-	175,500
Computer Expenses		153,250	184,050
Insurance		52,170	46,500
Entertainment		534,160	700,679
Mobile Expenses		-	137,200
Donation	22.1	276,000	1,250,000
Bad Debts written off		-	8,078,619
Amortization of Intangibles		200,000	200,000
Depreciation		864,167	1,255,951
Loss on disposal of property, plant & equipment		-	156,321
Auditors' Remuneration	22.2	188,000	98,800
		<u>26,226,428</u>	<u>36,367,319</u>

22.1 None of the directors or their had any interest in donee's fund while none of the beneficiary received amount exceeding Rs 500,000.

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	2019	2018
	-----Rupees-----	
22.2 Auditors' Remuneration		
Audit fees & certification	118,800	98,800
Tax services	69,200	-
	<u>188,000</u>	<u>98,800</u>
23 OTHER OPERATING EXPENSES		
Loss on disposal of property, plant & equipment	33,188	-
Others	-	572,380
	<u>33,188</u>	<u>572,380</u>
24 FINANCE COST		
Mark-up on short term running finances	16,905,601	13,956,572
	<u>16,905,601</u>	<u>13,956,572</u>
25 TAXATION		
Current - for the year	5,377,521	11,304,400
Prior years	-	(1,941,699)
	5,377,521	9,362,701
Deferred-(Reversal)/Charge	-	-
	<u>5,377,521</u>	<u>9,362,701</u>
25.1 In view of deductible temporary differences, deferred tax asset arose which has not been recognized in view of remote possibility of realization due to final tax regime applicability on capital gains and lower normal tax regime profitability.		
26 CASH FLOW FROM OPERATION ACTIVITIES		
Profit before taxation	(99,032,304)	(56,746,027)
Adjustments for non -cash charges and other items		
Depreciation	864,167	1,255,951
Amortization of intangible	200,000	200,000
Gain on disposal of property, plant & equipment	-	(90,679)
Loss on disposal of property, plant & equipment	33,188	156,321
Unrealized loss/(gain) on remeasurement of shares	13,820,943	(1,681,379)
Finance cost	16,905,601	13,956,572
	<u>31,823,899</u>	<u>13,796,786</u>
Operating profit before working capital changes	<u>(67,208,405)</u>	<u>(42,949,240)</u>
Changes in working capital		
Trade debts-unsecured	21,356,664	83,582,492
Loans and advances	20,500	8,830,000
Trade deposits, prepayments & other receivables	(18,290,863)	44,027,889
	3,086,301	136,440,381
Increase/(Decrease) in Current liabilities		
Trade and other payables	(47,851,269)	15,062,294
	<u>(111,973,373)</u>	<u>108,553,435</u>
27 CASH AND CASH EQUIVALENTS		
Cash and bank balances	15,426,644	10,802,424
Short term finances	(129,617,044)	(134,126,361)
	<u>(114,190,400)</u>	<u>(123,323,937)</u>

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28 FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets and Liabilities of the company, interest and non interest bearing, along with their maturities are as follows:

	2019					
	Markup / Interest Bearing			Non Markup / Interest Bearing		
	Maturity Upto One Year	Maturity after One Year	Sub Total	Maturity Upto One Year	Maturity after One Year	Sub Total
FINANCIAL ASSETS						
Long Term deposits	-	-	-	3,605,109	-	3,605,109
Trade Debts	-	-	-	39,409,949	-	39,409,949
Investments	-	-	-	153,353,925	5,209,594	158,563,519
Loans and advances	-	-	-	117,500	2,206,000	2,323,500
Trade deposits	25,307,389	-	25,307,389	1,000,000	-	1,000,000
Bank Balances	-	-	-	15,426,644	-	15,426,644
	25,307,389	-	25,307,389	209,308,018	11,020,703	220,328,721
						245,636,111

FINANCIAL LIABILITIES

Trade and other payables	-	-	-	48,574,470	-	48,574,470
Short-term borrowing	129,617,044	-	129,617,044	-	-	129,617,044
Accrued Markup	-	-	-	4,664,315	-	4,664,315
	129,617,044	-	129,617,044	53,238,785	-	53,238,785
						182,855,829

	2018					
	Markup / Interest Bearing			Non Markup / Interest Bearing		
	Maturity Upto One Year	Maturity after One Year	Sub Total	Maturity Upto One Year	Maturity after One Year	Sub Total
FINANCIAL ASSETS						
Long Term deposits	-	-	-	1,505,109	-	1,505,109
Trade Debts	-	-	-	60,766,613	-	60,766,613
Investments	-	-	-	298,720,450	7,914,575	306,635,025
Loans and advances	-	-	-	158,000	744,500	882,500
Trade deposits	7,022,390	-	7,022,390	1,698,547	-	1,698,547
Bank Balances	-	-	-	10,802,424	-	10,802,424
	7,022,390	-	7,022,390	372,126,035	10,164,184	382,290,219
						389,312,609
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	96,425,739	-	96,425,739
Short-term borrowing	134,126,361	-	134,126,361	-	-	134,126,361
Accrued Markup	-	-	-	2,683,601	-	2,683,601
	134,126,361	-	134,126,361	99,109,340	-	99,109,340
						233,235,702

The effective interest/markup rates for the financial assets and liabilities are mentioned in respective notes to the financial statements. While commission chargeable on off balance sheet items is chargeable as advised by the banks.

29 FINANCIAL INSTRUMENTS

29.1 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's activities expose it to a certain financial risks:

- Credit risk
- Liquidity risk
- Market risk (including currency risk, interest rate risk and other price risk)

The Company's overall risk management programs focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) under policies approved by the board. The Board provides formal principles for overall risk management, as well as significant policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

The information about the company's exposure to each of the above risk, the company's objectives, policies and procedures for measuring and managing risk, and the company's management of capital, is as follows;

a) Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk inter alia by limiting advances and credit to individual customers based on their credit worthiness, obtaining advance against exposure, obtaining collaterals where considered necessary and making appropriate provision for doubtful receivables.

Exposure to credit Risk

Company's credit risk is mainly attributable to loans and advances, balances with banks and financial institutions, and credit exposure to customers, including trade receivables and committed transactions.

The maximum exposure of the company to credit risk is as follows:

	2019	2018
	Rupees	
Long term Investments	5,209,594	7,914,575
Long Term deposits	3,605,109	1,505,109
Long term loan	2,206,000	744,500
Trade Debts	39,409,949	60,766,613
Short term investments	153,353,925	298,720,450
Loans and advances	117,500	138,000
Trade deposits	26,307,389	8,720,937
Bank Balances	15,426,644	10,802,424
	<u>245,636,111</u>	<u>389,312,609</u>

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Loans and advances

These loans and advances are essentially due from employees and are usually adjustable against their salaries and retirement benefit balances. The Company regularly pursues for the recovery of these and the Company does not expect these employees will fail to meet their obligations. Hence the company believes that no impairment allowance is necessary in respect of loans.

Trade Debts and Investments

Trade debts are against client shareholding in listed securities which are actively traded in the market and realizable amounts are worked out, while for the differential margin are made and recovered. Similarly investments mainly represents shareholding in listed securities which are actively traded in the market and realizable amounts are worked out, while for the differential re-measurement differences are instantly recorded.

Trade Deposits

These are given to PSX/NCCPL which are prime regulator and enjoys sound creditability.

Bank balances

The company maintains balances with banks that have good and stable credit rating. Given these credit ratings, management does not expect that any counter party will fail to meet their obligations.

b) Liquidity risk

Liquidity risk represent the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. Contractual maturities of financial liabilities, including interest payments excluding the impact of netting arrangements, are shown in the Note 27.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The management forecasts liquidity risks on the basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements.

c) Market Risk

Market risk is the risk that the fair value or future cash flows 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. Market risk comprises of three types of risks: Foreign Exchange / Currency risk, interest rate risk and other price risk. The company is directly exposed to other price risk and interest rate risk only.

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Foreign exchange / Currency risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arise mainly from future economic transactions or receivables and payables that exist due to transaction in foreign exchange. The Company is not exposed to the risk.

Interest / Markup rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the interest / mark-up rates. The exposure to interest rate risk is mainly arises in respect of variable markup / interest bearing long term and short borrowings from banks. The Company's net exposure to markup/interest rate risk is as follows;

	2019	2018
	Rupees	
Short term borrowings	<u>129,617,044</u>	134,126,361
	<u>129,617,044</u>	<u>134,126,361</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (increased) / decreased profit for the year by Rs. 1,296,170 (2018: Rs. 1,341,264). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

d) Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity price risk which is managed and mitigated by keeping sufficient exposure from the client's of the brokerage house.

At reporting date if the share price of investment at fair value through profit or loss had strengthened/weakened by 10% with all other variables held constant, pre tax profit for the year would have been higher/lower by the amount shown below.

	2019	2018
	Rupees	
Effect on profit and investment	<u>14,349,057</u>	<u>27,497,670</u>
Effect on other comprehensive income and investment	<u>1,507,295</u>	<u>3,165,832</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets/liabilities of the Company.

29.2 Fair value of Financial Assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value except those which are described in policy notes.

30 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 benefit for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

During year the Company's strategy was to maintain gearing. The gearing ratio as at balance sheet date is as follows:

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	2019	2018
	Rupees	
Total interest bearing borrowings	129,617,044	134,126,361
Cash at bank	(15,426,644)	(10,802,424)
Net debt	114,190,400	123,323,937
Total equity	54,249,648	168,939,218
Total capital	168,440,048	292,263,155
Gearing ratio	67.79%	42.20%

31 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS

	Chief Executive		Executive	
	2019	2018	2019	2018
Remuneration	3,082,600	3,000,000	2,395,950	1,200,000
Bonus	250,000	250,000	200,000	100,000
Tradee's shares in brokerage	4,638,394	5,650,250	903,685	-
	7,970,994	8,900,250	3,499,635	1,300,000
Number of persons	1		1	

	Director	
	2019	2018
Remuneration	1,581,184	875,000
Bonus	250,000	75,000
Tradee's shares in brokerage	3,985,576	1,969,284
	5,816,760	2,919,284
Number of persons	1	1

In addition to above the Chief Executive and Director is allowed company maintained car for business and personnel use.

32 NO OF EMPLOYESS

	2019	2018
As on balance sheet date	19	19
Average during the year	19	18

The Company has yet to formulate employees retirement benefit policy which is underway.

33 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue by the Board of Directors on 30 SEP 2019

34 GENERAL

Figures have been rounded off to the nearest rupee. *V*



Chief Executive



Director

Directors Report

Your Directors are pleased to welcome you at the Annual General Meeting and present Annual Audited Financial statements for the year ended 30-June-2019. During the year company's business remained positive as is evident from the profit because of capital gain which is attributable to the stringent efforts of our team members.

Financial Results	(Rupees)
Loss after taxation	(104,409,824)
Brought forward Profit	28,939,218
Loss carried forward	(114,689,569)
Loss Earning Per Shares	(7.46)

Future Prospectus

Your directors project for growth in brokerage business of the company as during the last year appetite for securities and investment activities of the county will likely to persist as well in the year to come and that will enable your company to penetrate and grab its due market share with the innovations and ideas of IT technology.

Recommendation

In view of the business growth requiring financing no recommendations as to dividend has been proposed by the directors.

The auditor's M/s. KRESTON HYDER BHIMJI & CO., Chartered Accountants retire and being has been eligible offers the for reappointment.

We acknowledge the dedication, loyalty support of the shareholders at all the times.

For and on behalf of Board of Directors



Aftab Sattar

(Chief Executive)

Karachi the: **September 30, 2019**