1

DARSON SECURITIES LIMITED

AUDITED ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2020

Office No. 43 & 44, Third Floor,
Sadiq Plaza, Shahrah-e-Quaid-e-Azam,
Lahore-54000,Pakistan.
Tel: 042-36280360, 36363681
E-mail:m.a.latif@mzcopk.com
www.mzco.com.pk
Member Firm of BKR International

INDEPENDENT AUDITORS' REPORT

To the Members of Darson Securities Limited

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the loss and other comprehensive Income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan 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 the annual report, but does not include financial statements and our auditor's reports thereon.

MUNIFF ZIAUDDIN & CO
Chartered Accountants

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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 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

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(4)

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higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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, the statement of 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

c) Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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5

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d) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;

e) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and

f) The Company was in compliance with the requirement of section 78 of Securities Act, 2015 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the financial statements were prepared.

The engagement partner responsible for the audit resulting in this independent auditor's report is Arqum Naveed.

Muniff Ziauddin & Co
Chartered Accountants
Lahore
Date : October 7, 2020

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(6)

DARSON SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	**63,501,233**	79,269,093
Intangible assets	5	**54,502,096**	54,052,165
Long term investments	6	**19,605,539**	9,055,637
Long term deposits	7	**3,443,450**	3,643,450
		141,052,318	146,020,345
CURRENT ASSETS			
Trade debts	8	**59,818,561**	38,231,475
Loan and advances	9	**19,015,708**	2,346,723
Short term deposits, prepayments and other receivables	10	**55,082,663**	43,453,977
Short term investments	11	**67,544,944**	49,766,418
Tax refund due from the Government	12	**36,376,471**	36,165,037
Cash and bank balances	13	**86,299,411**	49,196,800
		324,137,758	219,160,430
TOTAL ASSETS		**465,190,076**	365,180,775
EQUITY AND LIABILITIES			
SHARE CAPITAL	14		
Issued, subscribed and paid up share capital		**200,000,000**	200,000,000
Fair value reserve of long term investment at FVOCI		**15,759,499**	-
Unappropriated profit		**128,518,687**	130,393,416
		344,278,186	330,393,416
CURRENT LIABILITIES			
Trade and other payables	15	**120,911,890**	34,787,359
CONTINGENCIES AND COMMITMENTS	16	**-**	-
TOTAL EQUITY AND LIABILITIES		**465,190,076**	365,180,775

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

MUNIFF ZIA UDDIN & CO. LAHORE. INITIALED FOR IDENTIFICATION ONLY MZCO

DARSON SECURITIES LTD. CODE 090

DIRECTOR

DARSON SECURITIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Operating Revenue	17	82,186,017	52,362,261
Capital loss on sale of investments - net		(20,321,940)	(2,306,968)
Gain /(loss) on re-measurement of investments through profit or loss - net	18	14,761,795	(23,439,431)
		76,625,872	26,615,862
Operating and administrative expenses	19	(88,790,809)	(54,898,102)
Other income	20	12,182,111	3,426,368
Income /(Loss) from operations		17,174	(24,855,872)
Finance cost	21	(139,968)	(110,781)
Loss before taxation		(122,794)	(24,966,653)
Taxation	22	(1,751,935)	(996,424)
Loss after taxation		(1,874,729)	(25,963,077)

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

DARSON SECURITIES LTD. CODE 090

DIRECTOR

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(8)

DARSON SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Loss after taxation		**(1,874,729)**	(25,963,077)
Other comprehensive income			
Items that will not be subsequently reclassified to statement of profit or loss			
Surplus on re-measurement of investment at FVOCI	**6.1.1**	**15,759,499**	-
Items that may be subsequently reclassified to statement of profit or loss		**-**	-
Total comprehensive income / (loss) for the year		**13,884,770**	(25,963,077)

The annexed notes from 1 to 35 form an integral part of these financial statements.

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DIRECTOR

9

DARSON SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid-up capital	Fair value reserve of long term investment at FVOCI	Unappropriated profit	Total Equity
	(Rupees)			
Balance as at July 01, 2018	200,000,000	-	156,356,493	356,356,493
Loss after taxation	-	-	(25,963,077)	(25,963,077)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(25,963,077)	(25,963,077)
Balance as at June 30, 2019	200,000,000	-	130,393,416	330,393,416
Balance as at July 01, 2019	200,000,000	-	130,393,416	330,393,416
Loss after taxation	-	-	(1,874,729)	(1,874,729)
Other comprehensive income	-	15,759,499	-	-
Total comprehensive loss for the year	-	15,759,499	(1,874,729)	13,884,770
Balance as at June 30, 2020	**200,000,000**	**15,759,499**	**128,518,687**	**344,278,186**

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

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DIRECTOR

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10

DARSON SECURITIES LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(122,794)**	(24,966,653)
Adjustments for non cash items:			
- Depreciation of property and equipment	4	**2,427,306**	1,578,887
- Amortisation of intangible assets	5	**67,319**	-
- Unrealized (gain) / loss on investments	18	**(14,761,795)**	23,439,431
- Loss on short term investments		**20,321,940**	2,306,968
- Gain on sale of property and equipment		**(500,000)**	-
- Finance cost	21	**139,968**	110,781
		7,694,738	27,436,067
Changes in working capital		**7,571,944**	2,469,414
(Increase) / decrease in current assets:			
Trade debts		**(21,587,086)**	27,765,569
Loans and advances		**(16,668,985)**	65,056,246
Short term deposits, prepayments and other receivables		**(11,628,686)**	11,321,633
Increase / (decrease) in current liabilities:			
Trade payables and other payables		**86,124,531**	(12,121,777)
		36,239,774	92,021,671
Financial charges paid		**(139,968)**	(110,781)
Taxes paid		**(1,963,369)**	(6,601,971)
Net cash generated from operating activities		**41,708,381**	87,778,333
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property and equipment		**(8,159,446)**	(73,452,476)
Proceeds from disposal of property and equipment		**22,000,000**	-
Payment for acquisition of intangible		**(517,250)**	-
Payment for short term investments		**(18,129,074)**	(1,564,166)
Payment for long term deposits		**200,000**	(1,843,450)
Net cash used in investing activities		**(4,605,770)**	(76,860,092)
CASH FLOWS FROM FINANCING ACTIVITIES		**-**	-
Net increase in cash and cash equivalents		**37,102,611**	10,918,241
Cash and cash equivalents at the beginning of the year		**49,196,800**	38,278,559
Cash and cash equivalents at the end of the year		**86,299,411**	49,196,800

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

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DIRECTOR

DARSON SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND OPERATIONS

Darson Securities Limited ("the Company") was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) having CIUN 0041048 as a public unlisted company on March 11, 2000. The Company is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited and had also acquired membership of the Pakistan Mercantile Exchange Limited (Formerly National Commodity Exchange Limited). It is principally engaged in the business of brokerage, underwriting, buying and selling of stocks, shares, modaraba certificates, etc. The registered office of the Company is situated at Room no. 102, 1st Floor, Lahore Stock Exchange Building, Lahore.

LOCATIONS AND ADDRESSES OF COMPANY'S OFFICES

Sr.	Particulars	Location
1.	Head Office	Room no. 102, 1st Floor, Lahore Stock Exchange Building, Lahore.
2.	Corporate Office	Room 807 & 808, 8th Floor, Business and Finance Center, Karachi

2 BASIS OF PREPARATION

2.1 *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 are 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 Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 *Basis of Measurement*

These financial statements have been prepared under the historical cost convention except otherwise stated in the relevant accounting policy.

2.3 *Functional and presentation currency*

These financial statements are presented in Pakistan rupees (Rs. /Rupees), which is the functional and presentation currency of the Company.

2.4 *Key Judgment and estimates*

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following policies and notes, and relates primarily to:

- Useful lives, residual values and depreciation method of property and equipment - Note 3.1 & 4
- Useful lives, residual values and amortisation method of intangible assets - Note 3.2 & 5
- Provision for doubtful trade debts - Note 3.6 & 8
- Current income tax expense, provision for current tax and recognition of deferred tax asset - Note 3.13
- Estimation of provisions - Note 3.10
- Estimation of contingent liabilities - Note 3.15
- Right of use assets and lease liability - Note 3.2 & 3.14

2.5 *New or amendments to existing standards interpretations*

There are new and amended standards and interpretations that are mandatory for accounting period beginning on or after July 01, 2019 but are considered not to be relevant or do not have any significant effect on the Company's financial statements and or therefore not stated in these financial statements, except the following:

IFRS 16 - 'Leases'

IFRS-16 'Leases' sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction for lessees between operating and finance leases has been removed and all lease contracts, with limited exceptions, will be recognized in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

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12

In applying the standard, the Company adopted IFRS 16 with effect from July 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information.

The right-of-use assets were recognized based on the amount equal to lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company does not have any sub-lease as on July 1, 2019.

Lease term is the non-cancelable period for which the Company has right to use the underlying asset in line with the lease contract together with the periods covered by an option to extend which the Company is reasonably certain to exercise and option to terminate which the Company is not reasonably certain to exercise.

The lease liabilities as at July 01, 2019 represents discounted cash flows pertaining to operating lease commitments as at June 30, 2019. The contractual cash flows as disclosed were modified to take the impact of different treatment of extension options and termination options. The adoption of IFRS 16 does not have any impact on these financial statements except for certain disclosures as the Company did not have any lease arrangements as a lessee.

IFRS 14, 'Regulatory Deferral Accounts': The objective of this standard is to specify the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. Rate regulation can create a regulatory deferral account balance. A regulatory deferral account balance is an amount of expense or income that would not be recognised as an asset or liability in accordance with other standards, but that qualifies to be deferred in accordance with IFRS 14, because the amount is included, or is expected to be included, by a rate regulator in establishing the prices that an entity can charge to customers for rate-regulated goods or services.

The Company has assessed its impact on the financial statements and is of the view that the adoption of this standard does not have any material effect on the financial statements.

Amendment to IAS 19 'Employee Benefits - Plan Amendment, Curtailment or Settlement':

The amendments to IAS 19 specify that an entity must:
(i) determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability / (asset), reflecting the benefits offered under the plan and the plan assets after that event and determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using the discount rate used to remeasure that net defined benefit liability/ (asset).
ii) determine any past service cost or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is to be recognized in statement of profit or loss. An entity then determine the effect of the asset ceiling after the plan amendment, curtailment or settlement Any effect of such changes, is recognized in statement of comprehensive income. This amendment does not have material impact on these financial statements.

Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

2.5.1 Standards, interpretations and amendments to published accounting standard that are not yet effective

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

Standards		**Effective date**
IFRS 3	Definition of a Business (Amendments)	January 1, 2020
IFRS 9, IAS 39 & IFRS 7	Interest Rate Benchmark Reform (Amendments)	January 01, 2020
IAS 1 & IAS 8	Definition of Material (Amendments)	January 1, 2020
IFRS 16	Covid-19 - Related Rent Concessions (Amendments)	June 01, 2020
IAS 37	Onerous Contracts (Amendments)	January 1, 2022
IAS 16	Proceeds Before Intended Use (Amendments)	January 1, 2022
IAS 1	Classification of Liabilities as Current or Non-Current (Amendments)	January 1, 2022

The management expects that the adoption of the above revisions, amendments and interpretations of the standards will not materially effect 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 periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes as indicated below in note 3.2 & 3.14

3.1 Property and Equipment

Cost

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Cost in relation to property and equipment comprises acquisition and other directly attributable cost incurred in bringing the asset to its intended use. 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 cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they incurred.

Gains and losses on disposal of property and equipment are included in current year's profit or loss.

Depreciation

Depreciation on property and equipment is charged to statement of profit or loss on a reducing balance method so as to write off cost / depreciable amount of an asset over its estimated useful life at the rates as disclosed in the Note 4 to the financial statements. Depreciation is charged from the date the assets are put to use while no depreciation is charged after the date when the assets are disposed off. The residual value and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

Derecognition

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount in the year the asset is derecognized) shall be charged to statement of profit or loss.

3.2 Right-of use-assets

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3.3 Intangible assets

These include membership cards of PMEX, Trading Right Entitlement Certificates (TREC) and Offices and Website & Software.

a) **Finite useful life**

These are measured on initial recognition at cost. Following initial recognition these are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The carrying amounts are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amount and where carrying values exceed estimated recoverable amount, these are written down to their estimated recoverable amount. Intangible assets are amortised using the straight line method over their useful life as disclosed in Note 5.2 to the financial statements.

b) **Infinite useful life**

These are measured on initial recognition at cost. Following initial recognition these are carried at cost less accumulated impairment, if any. Cost on initial recognition in an acquisition transaction is determined as the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of asset acquisition. When there is an exchange of assets and the fair value of neither the asset received nor the asset given up can be reliably measured, the cost of the asset received should be measured at the carrying amount of the asset given up. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed estimated recoverable amount, these are written down to their estimated recoverable amount.

3.3.1 Computer software

These are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is computed using the straight line method over assets estimated useful life at the rates stated in Note 5.2 to the financial statements, after taking into accounts residual value, if any. The residual values, useful life and amortisation methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortisation is charged from the date the assets are put to use while no amortisation is charged after the date when the assets are disposed off.

Gains and losses on disposal of such assets, if any, are included in the statement of profit or loss.

(14)

3.3.2 Membership cards and offices

These are stated at cost less impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.4 Financial Instruments

A financial instrument is any asset that gives rise to a financial asset of an entity and a financial liability or equity instruments of another entity.

3.4.1 Financial Assets

The Company classifies its financial assets in the following three categories:

(a) financial assets measured at amortised cost;
(b) financial assets measured at fair value through other comprehensive income (FVOCI); and
(c) financial assets measured at fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when either:

(i) 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; or

(ii) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

3.4.2 Initial Recognition

The Company recognizes an investment when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place.

However, the Company follows trade date accounting for its own investments. Trade date is the date on which the Company commits to purchase or sell its asset.

3.4.3 Subsequent measurement

(a) Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost (determined using the effective interest method) less accumulated impairment losses, if any.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in statement of profit or loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses, if any.

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15

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in statement of comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in statement of profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in statement of profit or loss.

3.4.4 Financial Liabilities

(a) Initial measurement

Financial liabilities are classified as measured at amortised cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

(b) Subsequent measurement

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

3.4.5 Derecognition

a) Financial Assets

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

b) Financial Liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss.

3.4.6 Impairment

The Company's financial assets that are subject to the impairment requirements of IFRS 9 are trade debts.

The Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance for above mentioned financial assets. The Company measures expected credit losses in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in statement of profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

3.4.7 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously

3.5 Trade debts and other receivables

Trade debts are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit loss.

The company has applied simplified approach to measure expected credit losses, which uses a life time expected credit loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

3.6 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash and bank balances in current and deposit accounts. For the purpose of statement of cash flows cash and cash equivalents comprise cash and bank balances, and short term investments, if any.

3.7 Trade and other payables

These amounts represents liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid.

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3.8 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized on the following basis:

- Brokerage, commission etc. are recognized as and when such services are provided.
- Profit on saving accounts, profit on exposure deposits and markup on marginal financing is recognized at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.
- Gains / (losses) arising on sale of investments are included in the statement of profit or loss in the period in which they arise.
- Unrealized capital Gains / (losses) arising from mark to market of investments classified as at financial assets at fair value through profit or loss are included in statement of profit or loss for the period in which they arise.

3.9 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using enacted or substantially enacted at the reporting date and after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provide for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the reporting date between the tax base and carrying amounts of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to statement of comprehensive income or directly to equity, in which case it is included in comprehensive income or equity.

3.10 Provisions

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

3.11 Foreign Currency Translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange differences are included in statement of profit or loss account for the year.

3.12 Impairment

The carrying amount of the company's assets, for which policy is given separately, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists the assets' recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount. Impairment losses are charged to statement of profit or loss.

3.13 Settlement date accounting

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the transaction is settled. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.

3.14 Lease liabilities

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

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Lease payments include fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option and if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable / received. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in statement of profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease i.e. it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or terminate.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

3.15 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4 PROPERTY AND EQUIPMENT

	Land	Furniture and Fixture	Office Equipments	Computer Equipments	Vehicles	TOTAL
	(---	---	---	Rupees---	---	---)
As at July 01, 2018						
Cost	-	5,908,714	5,107,797	4,770,430	11,874,032	27,660,973
Accumulated depreciation	-	(4,422,985)	(2,484,838)	(3,354,255)	(10,003,391)	(20,265,469)
Net book value	-	1,485,729	2,622,959	1,416,175	1,870,641	7,395,504
Year Ended June 30, 2019						
Opening net book value	-	1,485,729	2,622,959	1,416,175	1,870,641	7,395,504
Additions during the year	65,042,600	-	1,022,356	691,340	6,696,180	73,452,476
Disposals/transfer/write-off						
Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Net book value		-	-	-	-	-
Depreciation charge	-	(148,573)	(321,274)	(177,203)	(931,837)	(1,578,887)
Closing net book value	65,042,600	1,337,156	3,324,041	1,930,312	7,634,984	79,269,093
As at June 30, 2019						
Cost	**65,042,600**	**5,908,714**	**6,130,153**	**5,461,770**	**18,570,212**	**101,113,449**
Accumulated depreciation	-	**(4,571,558)**	**(2,806,112)**	**(3,531,458)**	**(10,935,228)**	**(21,844,356)**
Net Book Value	**65,042,600**	**1,337,156**	**3,324,041**	**1,930,312**	**7,634,984**	**79,269,093**
As at July 01, 2019						
Cost	**65,042,600**	**5,908,714**	**6,130,153**	**5,461,770**	**18,570,212**	**101,113,449**
Accumulated depreciation	-	**(4,571,558)**	**(2,806,112)**	**(3,531,458)**	**(10,935,228)**	**(21,844,356)**
Net book value	**65,042,600**	**1,337,156**	**3,324,041**	**1,930,312**	**7,634,984**	**79,269,093**
Year Ended June 30, 2020						
Opening net book value	**65,042,600**	**1,337,156**	**3,324,041**	**1,930,312**	**7,634,984**	**79,269,093**
Additions during the year	-	-	**918,637**	**4,294,309**	**2,946,500**	**8,159,446**
Disposals/transfer/write-off						
Cost	**(21,500,000)**	-	-	-	-	**(21,500,000)**
Accumulated depreciation	-	-	-	-	-	-
Net book value	**(21,500,000)**	-	-	-	-	**(21,500,000)**
Depreciation charge	-	**(133,716)**	**(368,552)**	**(342,434)**	**(1,582,604)**	**(2,427,306)**
Closing net book value	**43,542,600**	**1,203,440**	**3,874,126**	**5,882,187**	**8,998,880**	**63,501,233**
At June 30, 2020						
Cost	**43,542,600**	**5,908,714**	**7,048,790**	**9,756,079**	**21,516,712**	**87,772,895**
Accumulated depreciation	-	**(4,705,274)**	**(3,174,664)**	**(3,873,892)**	**(12,517,832)**	**(24,271,662)**
Net Book Value	**43,542,600**	**1,203,440**	**3,874,126**	**5,882,187**	**8,998,880**	**63,501,233**
Annual rate of depreciation	-	10%	10%	10%	20%	

		2020 Rupees	2019 Rupees
5 INTANGIBLE ASSETS			
Trading Right Entitlement Certificate and Offices	5.1	53,052,165	53,052,165
Membership - Pakistan Mercantile Exchange Limited (PMEX)		1,000,000	1,000,000
		54,052,165	54,052,165
Website and Software	5.2	449,931	-
		54,502,096	54,052,165

5.1 Trading Right Entitlement Certificate and Offices

Trading Right Entitlement Certificate			
Cost		5,000,000	5,000,000
Impairment		(2,500,000)	(2,500,000)
	5.1.1	2,500,000	2,500,000
Offices-booths			
Pakistan Stock Exchange Limited		50,552,165	50,552,165
		53,052,165	53,052,165

5.1.1 This represents TREC received by the company in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. These have been carried at cost less accumulated impairment losses, if any.

5.2 Website and Software	2020 Rupees	2019 Rupees
Net carrying amount		
Opening net book value	-	-
Additions	517,250	-
Amortisation	(67,319)	-
Closing net book value	449,931	-
Gross carrying amount		
Cost	517,250	-
Accumulated Amortisation	(67,319)	-
Net book value	449,931	-
Amortisation rate	20%	-

6 LONG TERM INVESTMENTS

Investments - at fair value through other comprehensive income			
- LSE Financial Services Limited	6.1	3,846,040	3,846,040
- Adjustment for remeasurement to fair value	6.1.1	15,759,499	-
		19,605,539	
Investments - at fair value through profit or loss			
- Pakistan Stock Exchange Limited	6.2	-	5,209,597
		19,605,539	9,055,637

6.1 This represents trading rights in Pakistan Stock Exchange (Previously Lahore Stock Exchange Limited) and LSE Financial Services Limited shares which had been replaced with membership cards of stock exchanges pursuant to the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the 2012 Act). Subsequently from 11th January, 2016, Lahore, Islamabad and Karachi Stock Exchanges have been integrated to form Pakistan Stock Exchange with the approval of SECP. Before demutualization in 2012, the stock exchanges were functioning as Guarantee Limited Companies, wherein ownership and trading rights were conferred to members through membership cards. Pursuant to demutualization, the ownership in the stock exchange has been restricted from the right to trade on the exchange. Therefore, the membership cards were replaced by shares and trading rights entitlement certificate (TREC) in the exchange representing ownership and rights to trade respectively. As a result 843,975 shares of Rs.10/- each have been allotted to the Company out of which 60% (506,385) of the shares were blocked in a separate account held with CDC and remaining 40% were available to members with no condition on their future sale.

The Institute of Chartered Accountants of Pakistan (ICAP) in its 'selected opinion' concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost /carrying value of the membership card between the two distinct assets on a reasonable basis. The transaction is in nature an exchange of an intangible asset (membership card) with a financial asset (shares) together with an intangible asset (TREC).

Institute of Chartered Accountants of Pakistan further in its 'selected opinion' stressed that any subsequent measurement of the shares and / or TREC would only be possible where reliable fair values can be measured. This would most likely happen when the blocked shares are sold to the strategic investor or to the general public through an IPO and an active market develops for the TREC.

6.1.1 These shares are neither listed on any exchange nor are they actively traded. The latest net asset value per share of these shares as notified by LSE Financial Services Limited (Rs. 23.23/- per share as at June 30, 2020 compared to Rs. 22.7 per share as at June 30, 2019). The Company has been following ICAP selected opinion on 'Trading Right Entitlement Certificate (TREC) - 20.1.06 & 1.5 Clarification Required on ICAP opinion 'accounting for de-mutualization of stock exchanges of 2013' till the prior year. In the current financial year the Board of Directors of the Company in the meeting resolved to measure the above investments on latest net asset value per shares as notified by LSE Financial Services Limited.

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6.2 In August 2019, 1,081,194 ordinary shares of Pakistan Stock Exchange Limited (PSX) previously marked as freezed by the Central Depositary Company of Pakistan Limited (CDC) were un-freezed and re-classified as 'available'in its Account Balance Report. Since, as of June 30, 2020, the Company intended to dispose of the investment in due course of time, therefore it is re-classified as a short term investment.

	Note	2020 Rupees	2019 Rupees
7 LONG TERM DEPOSITS			
Trading deposits placed with			
Deposit with CDC		200,000	200,000
Deposit with PSX		200,000	200,000
Deposit with NCCPL		1,200,000	1,200,000
Deposit with PMEX		100,000	100,000
Other security deposits			
Deposit with PSO		243,450	243,450
Deposit with Landlord against property		1,500,000	1,700,000
		3,443,450	3,643,450
8 TRADE DEBTS			
Trade debts - considered good	8.1	59,818,561	38,231,475
Trade debts - considered doubtful		-	-
		59,818,561	38,231,475
Less : Bad debts written-off		-	-
		59,818,561	38,231,475

8.1 This includes Rs. 13.22 million (2019: Nil) due from related parties. The Company holds capital securities having fair value of Rs. 269.78 million (2019: Rs. 172.63 million) owned by its clients, as collaterals against trade debts.

Name of Related Party	Maximum aggregate amount outstanding with reference to Month end balance
Chief Executive Officer	2,886,086
	2,886,086

	2020 Rupees	2019 Rupees
8.2 Aging Analysis		
The aging analysis of trade debt is as follows:		
Upto fourteen days	50,377,307	28,931,787
more than fourteen days	9,441,295	9,299,688
	59,818,602	38,231,475
9 LOAN AND ADVANCES		
Unsecured - Considered good		
Advance to employees - unsecured	19,015,708	2,346,723
	19,015,708	2,346,723

10 SHORT TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2020	2019
Pakistan mercantile exchange clearing deposit		1,642,026	1,517,654
Pakistan mercantile exchange margin deposit		-	762,493
National clearing company of Pakistan limited	10.1	1,130,514	3,079,631
Exposure margin deposit - future	10.1	27,360,012	14,550,000
Exposure margin deposit - ready	10.1	24,080,323	21,350,000
Prepayments		384,521	126,422
Other receivables		485,267	2,067,777
		55,082,663	43,453,977

10.1 These represents deposits with National Clearing Company of Pakistan Limited against exposure arising out of trading in securities in accordance with the regulations of the Pakistan Stock Exchange Limited and National Clearing Company Pakistan Limited.

	Note	2020 Rupees	2019 Rupees
11 SHORT TERM INVESTMENTS			
Equity securities at fair value through profit or loss	11.1	67,544,944	49,766,418

11.1 Held for trading - ordinary shares

Name of Securities	2020 Number of shares	2019 Number of shares	2020 Rupees	2019 Rupees
Pakistan Stock Exchange Limited	1,644,500	1,243,762	16,280,550	16,168,906
Bank of Punjab Limited	773,955	643,455	6,501,222	5,887,613
Bank Alfalah Limited	146,355	146,355	4,913,137	6,379,614
Pakistan Engineering Company Limited	16,900	-	2,470,780	-
Silk Bank Limited	1,683,494	1,683,494	1,414,135	1,986,523
Escorts Investments Bank Limited	106,000	-	826,800	-
Engro Corporation Limited	2,433	6,433	712,674	1,708,605
Worldcall Telecom Limited	713,600	-	620,832	-
Zeal Pak Cement Factory Limited	2,842,200	-	1,250,568	-
Standard Chartered Bank (Pakistan) Limited	50,002	50,002	1,377,055	1,121,545
Beema Pakistan Limited	445,000	-	-	

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21

Habib Bank Limited	11,272	8,372	1,091,919	948,213
MCB Bank Limited	16,518	19,518	2,677,072	3,404,915
TRG Pakistan Limited	-	130,500	-	2,134,980
Others	2,525,513	6,074,612	27,408,200	10,025,504
			67,544,944	49,766,418

12 TAX REFUND DUE FROM THE GOVERNMENT

	2020 Rupees	2019 Rupees
Opening balance	36,165,037	30,559,490
Add: Paid during the year	1,963,369	6,601,971
	38,128,406	37,161,461
Adjusted against provision for taxation	(1,751,935)	(996,424)
Tax deducted at source	36,376,471	36,165,037

13 CASH AND BANK BALANCES

Cash in hand	183,738	294,451
Cash at bank - *in current accounts*	86,115,673	48,902,349
	86,299,411	49,196,800

14 SHARE CAPITAL

14.1 AUTHORIZED SHARE CAPITAL

2020	2019		2020 Rupees	2019 Rupees
(---Number of shares---)				
5,000,000	5,000,000	*Ordinary shares of Rs. 100 Each*	500,000,000	500,000,000

14.2 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020	2019		2020 Rupees	2019 Rupees
(---Number of shares---)				
2,000,000	2,000,000	*Ordinary shares of Rs. 100 Each fully paid in cash*	200,000,000	200,000,000

14.2.1 There is no change in the issued, subscribed and paid up capital of the company therefore reconciliation of number of shares outstanding is not provided.

15 TRADE AND OTHER PAYABLES

Trade creditors	117,688,543	31,042,103
Accrued expenses	3,223,347	3,745,256
	120,911,890	34,787,359

16 CONTINGENCIES AND COMMITMENTS

There are no known contingencies and commitments as at June 30, 2020 (June 30, 2019 : NIL).

17 OPERATING REVENUE

	2020 Rupees	2019 Rupees
Brokerage Income	79,629,800	50,135,820
Dividend Incóme	2,556,217	2,226,441
	82,186,017	52,362,261

18 UN-REALIZED (LOSS) / GAIN ON RE-MEASUREMENT OF INVESTMENTS AT FAIR VALUE CLASSIFIED AS FINANCIAL ASSETS THROUGH PROFIT OR LOSS

Market value	67,544,944	54,976,015
Cost of the investment	52,783,149	78,415,446
	14,761,795	(23,439,431)

19 OPERATING AND ADMINISTRATIVE EXPENSES

Salaries and other benefits	42,417,269	26,659,591
Commission	13,581,539	1,181,918
Entertainment	5,128,493	2,754,018
Utility	4,906,833	3,001,679
Computer charges	4,005,752	2,956,890
CDÇ and NCCPL charges	3,309,783	2,684,463
Repair and maintenance	3,300,497	3,905,313
Depreciation	2,427,306	1,578,887
Directors remuneration	2,220,000	2,220,000
Legal and professional charges	1,720,698	2,007,851
Printing and stationary	1,537,343	787,120
Rent	1,320,000	1,179,000
Traveling and conveyance	545,130	358,917
Insurance	508,385	63,210
Fee and other regulatory charges	437,968	2,130,177
SECP transaction fee	365,201	257,465

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Auditors' remuneration	19.2	350,000	250,000
Communication and postage		337,024	513,868
Donation	19.1	304,269	155,000
Amortisation	5.2	67,319	-
Miscellaneous charges		-	252,735
		88,790,809	54,898,102

19.1 None of the directors and their spouses have any interest in donee's fund to which donations are made.

19.2 **Auditors' Remuneration**

Annual Audit fee	250,000	250,000
Interim review fee	100,000	-
	350,000	250,000

		2020 Rupees	2019 Rupees
20	**OTHER INCOME**		
	Transaction fee	3,047,288	-
	Other miscellaneous income	8,634,823	3,426,368
	Gain on disposal of land	500,000	-
		12,182,111	3,426,368
21	**FINANCE COST**		
	Bank charges	139,968	110,781

22 TAXATION

Current	22.1	1,751,935	996,424
Deferred	22.2	-	-
		1,751,935	996,424

22.1 Income tax assessments of the Company are deemed to be finalized as per tax returns filed up to tax year 2019. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

The company has sufficient brought forward tax losses as at the year end in accordance with provisions of the Income Tax Ordinance, 2001.

22.2 The company has not recognized deferred tax asset amounting to Rs. 7.321 million (2019: Rs. 16.594 million) as the company does not foresee any future taxable income against which unused tax losses may be adjusted.

23 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity.

	2020			2019		
	Chief Executive	**Directors**	**Executives**	**Chief Executive**	**Directors**	**Executives**
Managerial remuneration	2,220,000	-	9,330,000	2,220,000	-	5,266,071
Bonus	-	-	-	-	-	-
Housing and Utilities	-	-	-	-	-	-
	2,220,000	-	9,330,000	2,220,000	-	5,266,071
Number of persons	1	-	4	1	-	3

24 RELATED PARTY TRANSACTIONS

The related parties comprise key management personnel of the Company. The Company in the ordinary course of business carries out transactions with these related parties at arm's length.

Transactions with related parties such as remuneration and other benefits paid to directors during the year are disclosed in Note 8.1 and 19.1 of the financial statements. However, details of other transactions with the related parties have been specifically disclosed elsewhere in these financial statements, are as under:

Relationship with party	**Nature of transactions**	**2020 RUPEES**	**2019** RUPEES
Chief Executive Officer	Trade Debts The maximum aggregate amount outstanding is	2,886,086	2,892,408
	Brokerage Commission earned	412,423	215,980

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25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

25.1 Risk management framework

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

25.2 Financial assets and liabilities by category and their respective maturities

FINANCIAL INSTRUMENTS	Balances as at June 30, 2020		Balances as at June 30,2019	
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year
	----------Rupees----------			
Financial assets				
Investment at fair value through profit and loss				
	2020 Rupees	2019 Rupees	**2020 Rupees**	2019 Rupees
Long term investments	-	19,605,539	-	5,209,597
Short term investments	67,544,944		49,766,418	-
	67,544,944	19,605,539	49,766,418	5,209,597
At amortised cost				
Long term investments	-	19,605,539	-	3,846,040
Long term deposits	-	3,443,450	-	3,643,450
Trade debts - considered good	59,818,561	-	38,231,475	-
Short term deposits, prepayments and other receivables	54,698,142	-	43,327,555	-
Cash and bank balances	86,299,411	-	49,196,800	-
	200,816,114	23,048,989	130,755,830	7,489,490
	268,361,058	42,654,528	180,522,248	12,699,087
Financial liabilities at amortised cost				
Trade and other payables	119,696,696	-	34,787,359	-
	119,696,696	-	34,787,359	-

25.3 Fair Values estimate

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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.

i) Fair value at initial recognition

The Company takes in to account factors specific to the transaction and to the asset or liability, when determining whether or not the fair value at initial recognition equals the transaction price. Except for long term deposits and long term investment, the fair value of financial assets and financial liabilities recognized in these financial statements equals the transaction price at initial recognition. Due to immaterial effect, the fair value of the long-term deposits and long term investment has not been determined and their carrying value has been assumed to be equal to their fair value.

ii) Valuation techniques and inputs used

For financial instruments, since majority of the interest bearing instruments are variable rate based instruments carried at amortised cost, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are of short term in nature, fair value significantly approximates to carrying value.

iii) Fair value of the Company's financial assets and liabilities that are measured at fair value on recurring basis after initial recognition

The company uses widely recognized valuation techniques, for determining the fair value of assets and liabilities, that use only observable market data and require little management judgement and estimation. The long term investment and short term investments held for trading has been categorized as level 1.

	Level	June 30, 2020 Carrying Value	Fair Value	June 30, 2019 Carrying Value	Fair Value
		----------Rupees----------			
Financial assets carried at Fair Value:					
Long term investments	1	19,605,539	3,846,040	5,209,597	5,209,597
Short term investments	1	67,544,944	67,544,944	49,766,418	54,976,015

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iv) Fair value of the Company's financial assets and liabilities that are not measured at fair value after initial recognition

The carrying amount of financial assets and financial liabilities recognized in these financial statements approximate their respective fair values.

25.4 Financial Risk Factors

The Company has exposures to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

25.5 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 in to account of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would causes 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. 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.

Credit risk of the Company arises from deposits with banks, trade debts, deposits with regulatory authorities, long term investments, short term investments and other receivables. The carrying amount of financial assets represents the maximum credit exposure. 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 net 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. The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and other factors, and obtains necessary collaterals to reduce credit risks. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors.

	2020 RUPEES	2019 RUPEES
The carrying amount of financial assets represent the maximum credit exposure, as specified below;		
at fair value through profit and loss		
Long term investments	19,605,539	5,209,597
Short term investments	67,544,944	49,766,418
at amortised cost		
Long term investments	19,605,539	3,846,040
Long term deposits	3,443,450	3,643,450
Trade receivable - considered good	59,818,561	38,231,475
Short term deposits, prepayments and other receivables	55,082,663	43,453,977
Bank balances	86,115,673	48,902,349
	311,216,369	193,053,306

i) Credit quality and impairment:

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. Counterparties, with the exception of long-term deposits, long term investments, trade debts and other receivables have external credit ratings determined by various credit rating agencies.

Following are the credit ratings of the counterparties with external credit ratings:

Bank Name	Agency	ST Rating	LT Rating	2020 RUPEES	2019 RUPEES
MCB Bank Limited	PACRA	A1+	AAA	6,021,598	1,912,462
Habib Bank Limited	JCR-VIS	A-1+	AAA	3,008,355	43,654,515
Bank Al Habib Limited	PACRA	A1+	AA+	23,206	659,869
Bank Alfalah Limited	PACRA	A1+	AA+	200,443	554,170
Silk Bank Limited	JCR-VIS	A-2	A-	56,689	51,028
Habib Metro Bank Limited	PACRA	A1+	AA+	30,478	25,713
BankIslami Pakistan Limited	PACRA	A1	A+	745,853	698,416
JS Bank Ltd	PACRA	A1+	AA-	181,706	228,060
United Bank Limited	JCR-VIS	A-1+	AAA	369,698	1,118,116
Soneri Bank Limited	PACRA	A1+	AA-	75,477,647	-
				86,115,673	48,902,349

25.6 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines. The following are the contractual maturities of the financial liabilities. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

25

	2020 Rupees	2019 Rupees
Maturity up to One Year:		
Trade and other payables	**120,911,890**	34,787,359
	120,911,890	34,787,359

25.7 MARKET RISK

Market risk means that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as, foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest rate risk and equity risk. The market risk associated with the company's business activities are discussed as under:

Foreign Exchange Risk Management

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. The company is not significantly exposed to currency risk as the Company does not maintain bank accounts in foreign currencies.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts. The Company's interest rate risk arises from short term cash finance facility. The Company analyzes its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into accounts various other financing options available.

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument.

Equity Price Risk

Equity price risk represents the risk that fair value of financial instrument will fluctuate because of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 67.545 million (2019: Rs. 54.976 million) at the reporting date. The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

26 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safe guard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stake holders and to maintain strong capital base to support the development of its business.

The Company manages its capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Company may adjust amount of dividend paid to shareholders or issue new shares.

26.1 NET CAPITAL BALANCE

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

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

DESCRIPTION	VALUATION	Note	RUPEES
CURRENT ASSETS			
Cash and Bank Balances	As per book value	26.2 (i)	137,696,881
Trade Receivable	Book value less overdue for more than 14 days	26.2 (ii)	50,377,266
Investment in Listed Securities in the name of broker	Securities marked to market less 15% discount	26.2 (iii)	57,413,110
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	26.2 (iv)	4,098,597
Listed TFCs/Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan	Marked to market less 10% discount		-
FIBs	Marked to market less 5% discount		-
Treasury bills	At market value		-
			249,585,854
CURRENT LIABILITIES			
Trade Payable	Book value less Overdue for more than 30 days	26.2 (v)	92,782,840
Other liabilities	As per Book values	26.2 (vi)	28,129,050

26

	120,911,890
NET CAPITAL BALANCE	128,673,964

26.2 Notes to the Net Capital Balance

(i) Cash and Bank Balances

These are stated at book value.

Cash in hand	183,738
Bank balance pertaining to:	
Brokerage house	2,411,707
Client	83,626,958
Total bank balance	86,038,665
Margins	
Deposit against exposure and lossses with Pakistan Stock Exchange	51,440,335
Deposit against MTS exposure margin with NCCPL	34,143
	137,696,881

(ii) Trade debts

These are valued at cost less bad and doubtful debts (if any) and debts outstanding for more than 14 days.

Total debts	59,818,561
Outstanding for more than 14 days	(9,441,295)
Balance generated within 14 days and/or not yet due	50,377,266

(iii) Investment in Listed Securities in the name of broker

Securities marked to market	67,544,835
Less 15% discount	(10,131,725)
	57,413,110

(iv) Securities purchased for client

Overdue balance for more than 14 days - gross value	269,788,634	
Lower of overdue balance and securities held against such balance	4,098,597	4,098,597

(v) Trade Payables

Book value	117,688,543
Less: Overdue for more than 30 days	(24,905,703)
	92,782,840

(vi) Other Liabilities

Accrued expenses	3,223,347
Creditors overdue for more than 30 days	24,905,703
	28,129,050

26.3 Liquid Capital

Sr. #	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	63,501,233	100.00%	-
1.2	Intangible Assets	54,502,096	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)	-	-	-
1.4	**Investment in Debt. Securities**			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
1.5	**Investment in Equity Securities**			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	67,544,835	14,210,819	53,334,016
	ii. If unlisted, 100% of carrying value.	3,846,040	100.00%	-
	iii.Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been alloted or are not included in the investments of securities broker.	-	-	-
	iv.100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	-	-

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1.6	Investment in subsidiaries	-	-	-
1.7	**Investment in associated companies/undertaking**			
	i. If listed 20% or VaR of each securities as computed by the Securites Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,600,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	52,570,849	-	52,570,849
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	627,971	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. ***(Securities purchased under repo arrangement shall not be included in the investments.)***	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	19,015,708	-	19,015,708
	ii. Receivables other than trade receivables	36,376,471	-	36,376,471
1.16	**Receivables from clearing house or securities exchange(s)**	-	-	-
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	claims on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
1.17	**Receivables from customers**			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. ***i. Lower of net balance sheet value or value determined through adjustments.***	-	-	-
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. ***ii. Net amount after deducting haircut***	-	-	-
	iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, ***iii. Net amount after deducting haricut***	-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. ***iv. Balance sheet value***	27,799,042	-	27,799,042
	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. ***v. Lower of net balance sheet value or value determined through adjustments***	26,223,220	21,771,846	21,771,846
	vi. 100% haircut in the case of amount receivable form related parties.	5,796,299	100.00%	-
1.18	**Cash and Bank balances**			
	I. Bank Balance-proprietory accounts	2,411,707	-	2,411,707
	ii. Bank balance-customer accounts	83,626,958	-	83,626,958
	iii. Cash in hand	183,738	-	183,738
1.19	**Total Assets**	**445,626,167**		**297,090,335**
2. Liabilities				
2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	117,688,543	-	117,688,543
2.2	**Current Liabilities**			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	3,223,347	-	3,223,347
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	**Non-Current Liabilities**			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial instituion: Long term portion of financing obtained from a financial institution including amount due against finance lease	-	-	-
	b. Other long-term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Boad of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.	-	-	-

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	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	**Subordinated Loans**			
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.	-	-	-
	ii. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.5	**Total Liabilites**	120,911,890		120,911,890
3. Ranking Liabilities Relating to :				
3.1	**Concentration in Margin Financing**			
	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	6,750,720	6,750,720
3.2	**Concentration in securites lending and borrowing**			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (Ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3	**Net underwriting Commitments**			
	(a) in the case of right issuse : if the market value of securites is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issuse where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
3.4	**Negative equity of subsidiary**			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	**Foreign exchange agreements and foreign currency positions**			
	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	**Repo adjustment**			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securites. **In the case of financee/seller** the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
3.8	**Concentrated proprietary positions**			
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position,then 10% of the value of such security	-	-	-
3.9	**Opening Positions in futures and options**	-	-	-
	i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts	-	9,767,458	9,767,458
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	758,505	758,505
3.10	**Short selll positions**			
-	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. Incase of proprietory positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	**Total Ranking Liabilites**	-		17,276,683
	Liquid capital balance	324,714,277		158,901,762

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29

	2020	2019
27 NUMBER OF EMPLOYEES		
Number of employees at year end	**19**	19
Average number of employees during the year	**19**	18

28 DETAIL OF SECURITIES AS PER BACK OFFICE RECORD AND CDC RECORD

As per Back Office Record	Own Account	Client Account	As per CDC Record	Own Account	Client Account
	No. of Shares		No. of Shares		
Securities Held (REG)	10,977,742	82,132,202	Securities available	7,348,400	79,795,377
			Securities Pledged with PSX / NCCPL	3,163,341	-
Securities Held (MF)	697,600	-	Securities pledged with Banks	436,000	-
			Pre-Settlement Delivery		2,295,325
			Reconciling Entries:		
	-		Pending out	-	41,500
			Freezed securities	30,001	-
			MFS (HOUSE)	697,600	-
Total	**11,675,342**	**82,132,202**	**Total**	**11,675,342**	**82,132,202**

29 DETAIL OF SECURITIES PLEDGED

	No. of shares	Amount in Rs.
- House account	3,599,341	39,712,848
- Client account	-	-
	3,599,341	**39,712,848**

30 PATTERN OF SHARE HOLDING

CATEGORIES OF SHAREHOLDERS			
DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN	SHAREHOLDERS	SHARES HELD	PERCENTAGE
NAME			
Zeeshan Dar		750,000	37.50%
Muhammad Anwar Dar		386,100	19.31%
Muhammad Farooq Dar		751,900	37.60%
Malik Dil Awayz Ahmed		2,000	0.10%
Malik Nadeem Asghar		55,000	2.75%
Waheed Asghar Malik		55,000	2.75%
Associated companies, undertakings and related parties		-	0.00%
Executives		-	0.00%
Public Sector Companies and Corporations		-	0.00%
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds		-	0.00%
Others		-	0.00%
Total		**2,000,000**	**100%**
SHAREHOLDERS HOLDING 5% OR MORE			
NAME		SHARES HELD	PERCENTAGE
Zeeshan Dar		750,000	0.38
Muhammad Farooq Dar		751,900	0.38
Muhammad Anwar Dar		386,100	0.19

31 CAPITAL ADEQUACY LEVEL

The Capital adequacy level as required by CDC is calculated as follows;

	2020	2019
Total Assets	465,190,076	365,180,775
Less: Total Liabilities	120,911,890	34,787,359
Less: Revaluation Reserves (created upon revaluation of fixed assets)	-	-
	344,278,186	330,393,416

While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by Darson Securities Limited as at June 30, 2020 as determined by Pakistan Stock Exchange has been considered.

32 IMPACT OF COVID - 19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID–19. During the lock down, the Company continued its operations and implemented all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees and its customers. The management has assessed the accounting implications of the effect of pandemic on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, 'Financial Instruments';
- the impairment of tangible assets under IAS 36, 'Impairment of non financial assets'; and
- going concern assumption used for the preparation of these financial statements.

. According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

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33 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purpose of comparison and better presentation. There have been no reclassification in these financial statements.

34 GENERAL

- Figures have been rounded off to the nearest rupee.

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in meeting held on October 07, 2020.

CHIEF EXECUTIVE

DARSON SECURITIES LTD. CODE 090

DIRECTOR

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