DARSON SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS
PERIOD ENDED JUNE 30, 2019

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

33-A/1 Queens Road,
Behind Queens Centre,
Lahore - Pakistan
Tel: (92) 42 36299246, 36307841
Fax:(92) 42 36360052
Mob: 0321-8413497
E-mail: fiqbalkhawaja@gmail.com
lhr@parkerandallajs.pk

URL: www.parkerrandall.ajs.pk
URL: www.parkerrandall.com
Office also at Faisalabad, Islamabad, Karachi & UK

INDEPENDENT AUDITORS' REPORT

To the members of Darson Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **DARSON SECURITIES (PRIVATE) LIMITED**, which comprise the statement of financial position as at 30 June 2019, 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 2019 and of the loss and comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

e) 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 balance sheet was prepared.

The engagement partner on the audit resulting in this independent auditor's report is Faisal Iqbal Khawaja.

Parker Randall AJS

PARKER RANDALL A.J.S. Chartered Accountants

Parker Randall A.J.S.
Chartered Accountants
Lahore

Dated: 05th October 2019

DARSON SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 RUPEES	2018 RUPEES
NON CURRENT ASSETS			
Property and equipment	5	**79,269,093**	7,395,504
Intangible assets	6	**54,052,165**	54,052,165
Long term investments	7	**9,055,637**	11,760,616
Long term deposits	8	**3,643,450**	1,800,000
		146,020,345	75,008,285
CURRENT ASSETS			
Trade receivable - considered good	9	**38,231,475**	65,997,044
Loan and advances	10	**2,346,723**	67,402,969
Short term deposits, prepayments and other receivables	11	**43,453,977**	54,775,610
Short term investments	12	**49,766,418**	71,243,672
Tax refund due from the government	13	**36,165,037**	30,559,490
Cash and bank balances	14	**49,196,800**	38,278,559
		219,160,430	328,257,344
TOTAL ASSETS		**365,180,775**	403,265,629
EQUITY AND LIABILITIES			
Authorized Share Capital			
5,000,000 (2018: 5,000,000) ordinary shares of Rs. 100 each		**500,000,000**	500,000,000
Issued, subscribed and paid up share capital	15	**200,000,000**	200,000,000
Accumulated profit		**130,393,416**	156,356,493
		330,393,416	356,356,493
CURRENT LIABILITIES			
Trade and other payables	16	**34,787,359**	46,909,136
CONTINGENCIES AND COMMITMENTS	17	**-**	-
TOTAL EQUITY & LIABILITIES		**365,180,775**	403,265,629

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR

DARSON SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 RUPEES	2018 RUPEES
Brokerage income	18	**50,135,820**	49,461,187
Loss on re-measurement of investments through profit or loss	19	**(23,439,431)**	(5,574,395)
Loss on disposal of investments - net		**(2,306,968)**	(2,740,332)
Dividend Income		**2,226,441**	2,316,097
		26,615,862	43,462,557
Less:			
Operating and administrative expenses	20	**54,898,102**	47,966,194
Finance cost	21	**110,781**	56,402
		55,008,883	48,022,596
Loss from operations		**(28,393,021)**	(4,560,039)
Other income	22	**3,426,368**	1,881,631
Other operating expense	23	**-**	(853,281)
Loss before taxation		**(24,966,653)**	(3,531,689)
Taxation	24	**(996,424)**	(6,456,653)
Loss after taxation		**(25,963,077)**	(9,988,342)
Loss per share - basic & diluted	25	**(12.98)**	(4.99)

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

DARSON SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPRIHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 RUPEES	2018 RUPEES
Loss after taxation		(25,963,077)	(9,988,342)
Other comprehensive income		-	-
Total comprehensive loss		(25,963,077)	(9,988,342)

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

DARSON SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up capital	Unappropriated profit	Total Equity
	(Rupees)		
Balance as at June 30, 2017	200,000,000	166,344,835	366,344,835
Total comprehensive loss for the year	-	(9,988,342)	(9,988,342)
Balance as at June 30, 2018	200,000,000	156,356,493	356,356,493
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**

The annexed notes from 1 to 37 form an integral part of these financial statements.

Darson Securities (Pvt) Ltd. 090 M/S.

CHIEF EXECUTIVE **DIRECTOR**

DARSON SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 RUPEES	2018 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(24,966,653)**	(3,531,689)
Adjustments for :			
- Depreciation		**1,578,887**	932,302
- Impairment loss		**-**	2,500,000
- Bad debts		**-**	853,281
- Unrealized loss on investments		**23,439,431**	5,574,395
- Loss on short term investments		**2,306,968**	2,740,332
- Finance cost		**110,781**	56,402
		27,436,067	12,656,712
Cash generated from operating activities before working capital changes		**2,469,414**	9,125,023
(Increase) / decrease in current assets:			
Trade receivables		**27,765,569**	(420,234)
Loans and advances		**65,056,246**	(19,194,281)
Short term deposits and prepayments		**11,321,633**	(2,123,367)
Decrease in current liabilities:			
Trade payables and other payables		**(12,121,777)**	(11,436,479)
		92,021,671	(33,174,361)
Financial charges paid during the year		**(110,781)**	(56,402)
Taxes paid during the year		**(6,601,971)**	(6,712,629)
Net cash generated from / (used in) operating activities		**87,778,333**	(30,818,369)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(73,452,476)**	(1,723,204)
Short term investments - net		**(1,564,166)**	8,747,398
Long term deposits		**(1,843,450)**	300,000
Net cash (used in) / generated from investing activities		**(76,860,092)**	7,324,194
CASH FLOWS FROM FINANCING ACTIVITIES		**-**	-
Net increase / (decrease) in cash and cash equivalents		**10,918,241**	(23,494,175)
Cash and cash equivalents at the beginning of the year		**38,278,559**	61,772,734
Cash and cash equivalents at the end of the year		**49,196,800**	38,278,559

The annexed notes from 1 to 37 form an integral part of these financial statements.

M/s. Darson Securities (Pvt) Ltd. 090

CHIEF EXECUTIVE

DIRECTOR

DARSON SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Note

1 STATUS AND NATURE OF BUSINESS

Darson Securities (Private) Limited ("the Company") was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) having CIUN 0041048 as a private limited company on March 11, 2000. The company is a 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.

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

1) There has been a decline in long term investment from Rs. 11.760 million to Rs. 9.055 million and short term investment from Rs. 71.243 million to Rs. 49.766 million.

2) New land has been purchased for company amounting to Rs. 65.042 million.

3 BASIS OF PREPARATION

3.1 *Statement of Compliance*

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act)
- 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.

3.2 *Basis of Measurement*

These financial statements have been prepared on the basis of 'historical cost' convention, except for certain short term investments which are stated at fair value and as otherwise stated in respective policy notes.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

3.3 *Functional and presentation currency*

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

3.4 *Use of Estimate & Judgment*

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

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

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

Following are some significant areas where management used estimates and judgements other than those which have been disclosed elsewhere in these unconsolidated financial statements.

- Useful lives, residual values and depreciation method of property and equipment - Note 4.1 & 5
- Provision for doubtful trade receivables - Note 4.7 & 9
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - Note 4.12

3.5 *Amendments / interpretations to existing standards and forthcoming requirements*

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases

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 amortized 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 amortized 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.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's unconsolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property and Equipment

Owned

Property & equipment is stated at cost less accumulated depreciation and impairment loss, if any. Cost include expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss account during the year in which they are incurred.

Depreciation is charged to statement of profit or loss account applying the reducing balance method at the rates specified in note 5. Depreciation on addition and deletion is charged on the basis of number of days the asset remains in use of the company.

An item of property and equipment is derecognized upon 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 the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

The assets' residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at June 30, 2019 did not require any adjustment.

4.2 Intangible assets

These include membership cards of PMEX, Trading Right Entitlement Certificates (TREC) and rooms.

a) Finite useful life

These are measured on initial recognition at cost. Following initial recognition these are carried at cost less accumulated amortization and accumulated impairment losses, if any. 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. Intangible assets are amortized using the reducing balance method over their useful life.

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.

4.3 Investments

Investment properties are held for capital appreciation and is measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value, at each reporting date. The changes in fair value is recognized in the statement of profit or loss account.

4.4 Financial Instruments

a) Initial Recognition

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

b) i) Classification of financial assets

The Company classifies its financial instruments in the following categories:
- at fair value through profit and loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortized cost.

Financial assets that meet the following conditions are subsequently measured at amortized cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL

ii) Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:
- at fair value through profit and loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as 'instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

c) Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

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

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

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

e) Derecognition

i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

ii) 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 and other comprehensive income.

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

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of Company's financial assets as at 30 June 2018 and 30 June 2017.

As at June 30, 2018	Original Classification under IAS 39	New Classification under IRFS 9	Original Carrying Amount Rupees	New Carrying Amount Rupees
Investment at fair value through profit & loss				
Long term investment	FVTPL	FVTPL	7,914,576	7,914,576
Short term investment	FVTPL	FVTPL	71,243,672	71,243,672
Loans and receivables				
Long term investment	Loans and Receivables	Amortized Cost	3,846,040	3,846,040
Long term deposits	Loans and Receivables	Amortized Cost	1,800,000	1,800,000
Trade receivable	Loans and Receivables	Amortized Cost	65,997,044	65,997,044
Loan and advances	Loans and Receivables	Amortized Cost	67,402,969	67,402,969
Prepayments and other receivables	Loans and Receivables	Amortized Cost	54,775,610	54,775,610
Cash and bank balances	Loans and Receivables	Amortized Cost	38,278,559	38,278,559
Trade Creditors				
Trade and other payables	Trade Creditors	Amortized Cost	46,909,136	46,909,136

As at June 30, 2017	Original Classification under IAS 39	New Classification under IRFS 9	Original Carrying Amount Rupees	New Carrying Amount Rupees
Investment at fair value through profit & loss				
Long term investment	FVTPL	FVTPL	10,290,960	10,290,960
Short term investment	FVTPL	FVTPL	85,929,413	85,929,413
Loans and receivables				
Long term investment	Loans and Receivables	Amortized Cost	3,846,040	3,846,040
Long term deposits	Loans and Receivables	Amortized Cost	2,100,000	2,100,000
Trade receivable	Loans and Receivables	Amortized Cost	66,430,091	66,430,091
Loan and advances	Loans and Receivables	Amortized Cost	48,208,688	48,208,688
Prepayments and other receivables	Loans and Receivables	Amortized Cost	52,652,243	52,652,243
Cash and bank balances	Loans and Receivables	Amortized Cost	61,772,734	61,772,734
Trade Creditors				
Trade and other payables	Trade Creditors	Amortized Cost	58,345,615	58,345,615

4.5 Revenue from Contracts with Customers

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

The adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the financial statements of the Company as brokerage commission, dividend income, income from Margin Finance, profit on banks accounts, profit on cash exposure, reversal of provision for bad debts are recognized on occurrence of confirming event.

4.6 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

4.7 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value of consideration receivable and subsequently measured at amortized cost less impairment losses. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss (ECL).

4.8 Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at cost / amortized cost. For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, bank balances, running finances under markup arrangement.

4.9 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of relevant asset

4.10 Trade & other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

4.11 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, net of any direct expenses. 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 profit and loss account 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 profit and loss account for the period in which they arise.

4.12 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 provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

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 account, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

4.13 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.

4.14 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 profit and loss account for the year.

4.15 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 profit and loss account.

4.16 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.

4.17 Related Party Transaction

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and the related parties are carried at arm's length prices which are determined in accordance with the methods prescribed in the Companies Act, 2017.

5 PROPERTY AND EQUIPMENT

	Land	Furniture and Fixture	Office Equipments	Computer Equipment	Vehicles	TOTAL
	(-------	-------	-------	Rupees	-------	-------)
Year Ended June 30, 2018						
Opening net book value	-	1,526,157	1,553,829	1,368,220	2,156,396	6,604,602
Additions	-	112,500	1,247,474	197,030	166,200	1,723,204
Disposals/transfer/write-off						
Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Net book value		-	-	-	-	-
Depreciation charge	-	(152,928)	(178,344)	(149,075)	(451,955)	(932,302)
Closing net book value	-	1,485,729	2,622,959	1,416,175	1,870,641	7,395,504
At 30 June, 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
At 30 June, 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**
Annual rate of depreciation	0%	10%	10%	10%	20%	

	Note	2019 RUPEES	2018 RUPEES
6 INTANGIBLE ASSETS			
Trading Right Entitlement Certificate	6.1	2,500,000	2,500,000
Membership - Pakistan Mercantile Exchange Limited (PMEX)		1,000,000	1,000,000
		3,500,000	3,500,000
Rooms		50,552,165	50,552,165
		54,052,165	54,052,165

6.1 Trading Right Entitlement Certificate

Cost	2,500,000	5,000,000
Impairment	-	(2,500,000)
	2,500,000	2,500,000

This represents trading rights in Pakistan Stock Exchange which had replaced 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 a stock exchange has been segregated from the right to trade on the exchange. Therefore the membership cards were replaced by shares in the exchange representing ownership in the exchange and trading rights entitlement certificates (TREC) representing rights to trade in the exchange in pursuance of section 5 of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the act) and with regulation 6 of the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012.

These have been carried at cost less impairment. The ownership in a stock exchange segregated from the right to trade on the exchange. Accordingly the company has received equity shares of PSX and a Trading Right Entitlement Certificates (TRECs) in lieu of its membership card of PSX.

7 LONG TERM INVESTMENTS

Investments - at cost

2019	2018			2019	2018
Number of Shares		**Name of Securities**	**Note**	**RUPEES**	**RUPEES**
843,975	843,975	LSE Financial Services Limited	7.1	3,846,040	3,846,040
Investments - at fair value through profit or loss account					
400,738	400,738	Pakistan Stock Exchange Limited	7.2	5,209,597	7,914,576
				9,055,637	11,760,616

7.1 This represents unquoted shares of LSE Financial Services Limited received by the Company in pursuance of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

Out of total number of shares owned, 60% shares (i.e. 506,385 shares) of the said entity are held in separate CDC blocked account, to restrict the sale of these shares by the members. Where as 40% of total shares i.e. 337,590 for Rs.10 each have been credited to the Company's CDC house account and are pledged in favor of Pakistan Stock Exchange Limited.

The net asset value of shares of LSE financial service limited Rs. 21.75 per share. This is based on unaudited financial statements for the period ended December 31, 2018.

7.2 This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Company in pursuance of the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company were 1,602,953 out of which 67.45% shares were held in a separate blocked account in the Central Depository Company of Pakistan Limited (CDC) to restrict the sale of such shares by the members of PSX.

Given the above, the investment to the extent of 25% of ordinary shares of PSX has been classified as long term investment while the remaining investment in such shares has been classified as short term investment.

	2019 RUPEES	2018 RUPEES
8 LONG TERM DEPOSITS		
Deposit with CDC	200,000	200,000
Deposit with PSX	200,000	200,000
Deposit with NCCPL	1,200,000	1,300,000
Deposit with PMEX	100,000	100,000
Deposit with PSO	243,450	-
Deposit with Landlord against property	1,700,000	-
	3,643,450	1,800,000

9 TRADE RECEIVABLES

Trade debts - considered good	38,231,475	65,997,044
Trade debts - considered doubtful	-	853,281
	38,231,475	66,850,325
Less : Bad debts written-off	-	(853,281)
	38,231,475	65,997,044

9.1 This includes **Rs. NIL** (2018: Rs. 446,852) due from related parties. The Company holds capital securities having fair value of **Rs. 172,627,640/-** (2018: Rs. 388,354,209/-) owned by its clients, as collaterals against trade debts.

Name of Related Party	Maximum aggregate amount outstanding with reference to Month end balance
1 Chief Executive Officer	2,892,408
	2,892,408

9.2 **Aging Analysis**

The aging analysis of trade debt is as follows:

Upto fourteen days	28,931,787	45,570,447
more than fourteen days	9,299,688	20,426,597
	38,231,475	65,997,044

	2019 RUPEES	2018 RUPEES
10 LOANS AND ADVANCES		
Advance against land	-	65,000,000
Advance to employees	2,346,723	2,402,969
	2,346,723	67,402,969

11 SHORT TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

PMEX clearing deposit	1,517,654	2,251,413
PMEX margin deposit	762,493	409,193
NCCPL	3,079,631	7,510,204
Exposure margin deposit - future	14,550,000	31,000,000
Exposure margin deposit - ready	21,350,000	10,750,000
Prepayments & other receivable	2,194,199	2,854,800
	43,453,977	54,775,610

11.1 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.

12 SHORT TERM INVESTMENTS

at fair value through profit or loss - held for trading:	12.1	49,766,418	71,243,672

12.1 Held for trading - ordinary shares

Name of Securities	Number of shares 2019	2018	Amount in Rupees 2019	2018
Pakistan Stock Exchange	1,243,762	1,243,716	16,168,906	24,563,380
Bank of Punjab	643,455	643,455	5,887,613	7,766,502
Bank Alfalah Limited	146,355	133,050	6,379,614	6,957,185
Pakistan Engineering Company Limited	-	26,600	-	6,550,250
SILK	1,683,494	1,683,494	1,986,523	2,289,552
Escorts Investments Bank	-	65,000	-	2,105,350
ENGRO	6,433	5,849	1,708,605	1,835,767
Worldcall Telecom Limited	-	713,579	-	1,377,207
Zeal Pak Cement Factory Limited	-	2,770,700	-	1,219,108
Standard Chartered Bank Pakistan Limited	50,002	50,002	1,121,545	1,199,048
Beema Pakistan Limited	-	435,000	-	1,000,500
Habib Bank Limited	8,372	-	948,213	-
MCB Bank Limited	19,518	-	3,404,915	-
TRG Pakistan Limited	130,500	-	2,134,980	-
Others	6,074,612	1,681,484	10,025,504	14,379,823
			49,766,418	71,243,672

	2019 RUPEES	2018 RUPEES
13 TAX REFUND DUE FROM THE GOVERNMENT		
Opening balance	30,559,490	30,303,514
Add: Paid during the year	6,601,971	6,712,629
	37,161,461	37,016,143
Adjusted against provision for taxation	(996,424)	(6,456,653)
Tax deducted at source	36,165,037	30,559,490

14 CASH AND BANK BALANCES

Cash in hand		294,451	84,985
Cash at bank	14.1	48,902,349	38,193,574
		49,196,800	38,278,559

		2019 RUPEES	2018 RUPEES
14.1	**Cash at bank**		
	- in house accounts	19,912,808	34,593,802
	- at client accounts	27,971,222	3,178,254
	- PMEX accounts	1,018,319	421,518
		48,902,349	38,193,574

15 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2019	2018		2019	2018
(---Number of shares---)			(------- Amount in rupees -------)	
2,000,000	2,000,000	*Ordinary shares of Rs. 100 Each fully paid in cash*	200,000,000	200,000,000

16 TRADE AND OTHER PAYABLES

	2019	2018
Trade creditors	31,042,103	43,147,054
Accrued expenses	3,745,256	3,762,082
	34,787,359	46,909,136

17 CONTINGENCIES AND COMMITMENTS

There are no known contingencies and commitments as at the June 30, 2019 (June 30, 2108 : NIL).

	Note	2019 RUPEES	2018 RUPEES
18 BROKERAGE INCOME			
Brokerage Income		50,135,820	49,461,187

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

	2019	2018
Market value	54,976,015	71,243,672
Cost of the investment	78,415,446	76,818,067
	(23,439,431)	(5,574,395)

20 OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2019	2018
Salaries and other benefits		26,659,591	20,099,828
Directors remuneration		2,220,000	2,385,000
Insurance expenses		63,210	-
CDC and NCCPL charges		2,684,463	2,568,531
Clearing house commission		1,181,918	895,319
Utility expenses		3,001,679	3,450,436
Rent expenses		1,179,000	-
Fee and other regulatory charges		2,130,177	2,120,996
Depreciation	5	1,578,887	932,302
Computer expenses		2,956,890	2,351,415
Legal and professional charges		2,007,851	1,833,858
Entertainment		2,754,018	2,006,122
Donation	20.1	155,000	300,000
Impairment loss		-	2,500,000
Repair and maintenance		3,905,313	3,766,419
Printing and stationery		787,120	928,898
Communication and postage		513,868	501,590
Traveling and conveyance		358,917	540,150
Miscellaneous charges		252,735	335,010
Auditors' remuneration		250,000	250,000
SECP transaction fee		257,465	200,320
		54,898,102	47,966,194

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

21 FINANCE COST

	2019	2018
Bank charges	110,781	56,402

22 OTHER INCOME

	2019	2018
Other miscellaneous income	3,426,368	1,881,631
	3,426,368	1,881,631

			2019	2018
23	**OTHER OPERATING EXPENSE**		**RUPEES**	RUPEES
	Bad debts		-	853,281
24	**TAXATION**			
	Current	**24.1**	**(996,424)**	(6,456,653)
	Deferred	**24.2**	-	-
			(996,424)	(6,456,653)

24.1 Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2018. 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.

24.2 The company has not recognized deferred tax asset amounting Rs. 16.594 million as the company does not foresee any future taxable income against which unused tax losses may be adjusted.

25 LOSS PER SHARE

There is no dilutive effect on the basic loss per share of the company, which is based on:

Loss after taxation	**(25,963,077)**	(9,988,342)
Weighted average number of ordinary shares	**2,000,000**	2,000,000
Loss per share	**(12.98)**	(4.99)

26 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	2,220,000	-	5,266,071	1,200,000	1,185,000	2,640,000
Bonus	-	-	-	-	-	-
Housing and Utilities	-	-	-	-	-	-
	2,220,000	-	**5,266,071**	1,200,000	1,185,000	2,640,000
Number of persons	1	-	3	1	2	2

27 RELATED PARTY TRANSACTIONS

The related parties comprise associated undertaking companies, related group companies and directors of the Company who are also the key management personnel etc. The Company in the 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 20 and 9.1 of notes to the accounts. 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**	2019 Rupees	2018 Rupees
Chief Executive Officer	Trade Receivables The maximum aggregate amount outstanding during the year was Rs.2,892,408/-	-	446,858
	Brokerage Commission earned	**215,980**	16,039

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

28.1 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.

A Committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Committee is assisted in its oversight role by Internal Audit department. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Committee.

28.2 Financial assets and liabilities by category and their respective maturities

FINANCIAL INSTRUMENTS	Balances as at June 30,2019		Balances as at June 30,2018	
	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 & loss				
Long term investments	-	5,209,597	-	7,914,576
Short term investments	49,766,418	-	71,243,672	-
	49,766,418	5,209,597	71,243,672	7,914,576
At amortized cost				
Long term investments	-	3,846,040	-	3,846,040
Long term deposits	-	3,643,450	-	1,800,000
Trade receivable - considered good	38,231,475	-	65,997,044	-
Loan and advances	2,346,723	-	67,402,969	-
Short term deposits, prepayments and other receivables	43,453,977	-	54,775,610	-
Tax refund due from the government	36,165,037	-	30,559,490	-
Cash and bank balances	49,196,800	-	38,278,559	-
	169,394,012	7,489,490	257,013,672	5,646,040
	219,160,430	12,699,087	328,257,344	13,560,616
Financial liabilities at amortized cost				
Trade and other payables	34,787,359	-	46,909,136	-
	34,787,359	-	46,909,136	-

28.3 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 instruments carried at amortized cost, since majority of the interest bearing instruments are variable rate based instruments, 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, 2019 Carrying Value	June 30, 2019 Fair Value	June 30, 2018 Carrying Value	June 30, 2018 Fair Value
		Rupees			
Financial assets carried at Fair Value:					
Long term investments	1	5,209,597	5,209,597	7,914,576	7,914,576
Short term investments	1	49,766,418	54,976,015	71,243,672	71,243,672

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. Fair values of financial assets and liabilities carried at amortized cost.

v) Determination of fair values:

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods;

a) Non-derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

b) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

28.4 Financial Risk Factors

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

- Credit Risk
- Liquidity Risk
- Market Risk

28.5 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 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 and financial institutions, trade debts, deposits, long term investments and 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. In addition, credit risk is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. The Company does not expect to incur material credit losses on its financial assets.

	2019	2018
	RUPEES	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	5,209,597	7,914,576
Short term investments	49,766,418	71,243,672
at amortized cost		
Long term investments	3,846,040	3,846,040
Long term deposits	3,643,450	1,800,000
Trade receivable - considered good	38,231,475	65,997,044
Loan and advances	2,346,723	67,402,969
Short term deposits, prepayments and other receivables	43,453,977	54,775,610
Advance tax	36,165,037	30,559,490
Cash and bank balances	49,196,800	38,278,559
	231,859,517	341,817,960

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 investment, trade debts and other receivables have external credit ratings determined by various credit rating agencies.

a) Counterparties without external credit ratings:

The counterparties for which external credit ratings are not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations. These mainly include long-term deposits, long term investment, trade debts and other receivables which are considered good.

b) Counterparties with external credit ratings:

These include banking companies and financial institutions which are counterparties to cash deposits, term deposits & margin deposits thereon etc.

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

Bank Name	Agency	ST Rating	LT Rating	2019 Rupees	2018 Rupees
MCB Bank Ltd	PACRA	A-1+	AAA	1,912,462	897,074
Habib Bank Ltd	JCR-VIS	A-1+	AAA	43,654,515	36,340,302
Bank Al Habib Ltd	PACRA	A-1+	AA+	659,869	710,507
Bank Alfalah Ltd	PACRA	A-1+	AA+	554,170	46,016
Silk Bank Limited	JCR-VIS	A-2	A-	51,028	65,867
H-METRO BANK	PACRA	A1+	AA+	25,713	11,391
BANK ISLAMI Pk	PACRA	A1	A+	698,416	58,831
JS Bank Ltd	PACRA	A1+	AA-	228,060	58,580
United Bank Ltd.	JCR-VIS	A-1+	AAA	1,118,116	5,006
				48,902,349	38,193,574

28.6 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.

Maturity up to One Year:

	2019	2018
Trade and other payables	34,787,359	46,909,136
	34,787,359	46,909,136

28.7 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 price 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.

Price Risk

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. 54.976 Million (2018: Rs. 79.158 Million) at the balance sheet 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.

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.

29 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. The company is not subject to externally imposed capital requirements.

30 NUMBER OF EMPLOYEES

	2019	2018
Number of employees at year end	19	18
Average number of employees during the year	18	18

31 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)	10,437,242	56,800,776	Securities available	7,021,873	56,709,338
			Pledge with PSX/ NCCPL	1,867,630	75,000
Securities Held (MF)	2,079,400		Securities pledged with banks	436,000	
			Securities freeze with CDC		
			Reconciling Entries:		
			Pending out	544	16,438
			Freezed securities	1,111,195	-
			MFS (HOUSE)	2,079,400	-
Total	**10,437,242**	**56,800,776**	**Total**	**12,516,642**	**56,800,776**

32 DETAIL OF SECURITIES PLEDGED

	No. of shares	Amount in Rs.
- House account	2,303,630	26,529,261
- Client account	75,000	448,250
	2,378,630	**26,977,511**

33 PATTERN OF SHARE HOLDING

CATEGORIES OF SHAREHOLDERS			
DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN	**SHAREHOLDERS**	**SHARES HELD**	**PERCENTAGE**
NAME	10		
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	NIL		
Executives	NIL		
Public Sector Companies and Corporations	NIL		
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	NIL		
Others	NIL		
Total	**10**	**2,000,000**	**100%**

SHAREHOLDERS HOLDING 5% OR MORE

NAME	SHARES HELD	PERCENTAGE
Zeeshan Dar	750,000	37.50%
Muhammad Farooq Dar	751,900	37.60%
Muhammad Anwar Dar	386,100	19.31%

34 CAPITAL ADEQUACY LEVEL

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

Total Assets	365,180,775	403,265,629
Less: Total Liabilities	34,787,359	46,909,136
Less: Revaluation Reserves (created upon revaluation of fixed assets)	-	-
Capital Adequacy Level	**330,393,416**	**356,356,493**

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

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 05 October 2019 by the Board of Directors of the Company.

36 CORRESPONDING FIGURES

Comparative figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison. Rearrangements have been made in these financial statements for better presentation of the financial statements.

37 GENERAL

- Figures have been rounded off to the nearest rupee.

Darson Securities (Pvt) Ltd. 090

CHIEF EXECUTIVE

DIRECTOR