

**GENERAL INVESTMENT AND SECURITIES  
(PRIVATE) LIMITED**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

**To the members of General Investment & Securities (Private) Limited**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit 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 (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



### 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 other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and
- e) The Company was in compliance with the requirements of section 78 of the Securities Act, 2015 and section 62 of Futures Market Act, 2016 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at date on which the statement of financial position was prepared.

### Other Matter

The financial statements of the Company for the year ended June 30, 2019 were audited by another firm of Chartered Accountants whose report dated October 02, 2019 expressed unmodified opinion on those statements.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Shahid Farooq**.

*UHY Hassan Naeem & Co.*  
**UHY Hassan Naeem & Co.**  
**Chartered Accountants**



**ISLAMABAD**

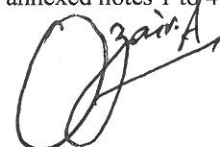
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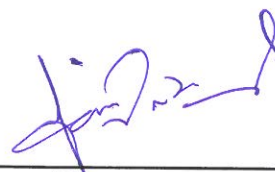
**GENERAL INVESTMENT & SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

		2020	Restated 2019
	Note	Rupees	Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	1,393,294	1,658,048
Intangible assets	6	5,000,000	5,700,000
Long term investments	8	150,855,115	60,777,990
Long term deposits	9	4,250,000	3,783,000
		161,498,409	71,919,038
<b>CURRENT ASSETS</b>			
Trade and other receivable - net	10	8,451,591	4,663,540
Prepayments, deposits and advances	11	14,565,768	20,266,948
Short term investments	12	2,250,365	4,010,786
Cash and bank balances	13	48,341,719	29,059,416
		73,609,443	58,000,690
		<u>235,107,852</u>	<u>129,919,728</u>
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up capital	14	79,945,000	35,100,000
<b>Revenue reserve</b>			
Unappropriated profit		23,699,007	17,603,451
<b>Capital Reserve</b>			
Fair value reserve	15	57,386,321	32,803,237
		<u>161,030,328</u>	<u>85,506,688</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	17	12,643,026	19,598,206
Deferred tax liability - net	18	15,424,960	-
		28,067,986	19,598,206
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	45,143,469	24,488,837
Current tax liability	20	866,069	325,997
		46,009,538	24,814,834
<b>CONTINGENCIES AND COMMITMENTS</b>			
	21	-	-
		<u>235,107,852</u>	<u>129,919,728</u>

The annexed notes 1 to 40 form an integral part of these financial statements.



Chief Executive Officer

Director

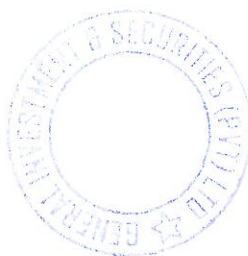
**GENERAL INVESTMENT & SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	Restated 2019 Rupees
Revenue	22	22,266,714	12,978,867
Operating and Administrative expenses	23	(15,595,179)	(17,431,793)
Operating profit/(loss)		6,671,535	(4,452,926)
Other income / (loss)	24	(35,691)	(705,227)
<b>Profit/ (Loss) before taxation</b>		<b>6,635,844</b>	<b>(5,158,153)</b>
Taxation	25	(540,288)	(298,442)
<b>Profit/(loss) for the year</b>		<b>6,095,556</b>	<b>(5,456,595)</b>
<b>Earnings/(loss) per share - basic</b>		<b>16.89</b>	<b>(15.55)</b>

The annexed notes 1 to 40 form an integral part of these financial statements.



Chief Executive Officer




Director

**GENERAL INVESTMENT & SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>2020</b>	Restated <b>2019</b>
	<b>Rupees</b>	<b>Rupees</b>
Profit/(loss) for the year	6,095,556	(5,456,595)
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to P/L</b>		
Fair value gain on equity instruments designated at FVTOCI	40,533,915	20,391,711
Deferred tax	(15,950,831)	-
	24,583,084	20,391,711
<b>Total comprehensive income/(loss) for the year</b>	<b>30,678,640</b>	<b>14,935,116</b>

The annexed notes 1 to 40 form an integral part of these financial statements.

  
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**Chief Executive Officer**



  
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**Director**



**GENERAL INVESTMENT & SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Balance as at July 1, 2018  
 Total comprehensive income for the year  
 Loss for the year  
 Correction of prior period error (Note: 4.6)  
 Other comprehensive income/(loss)

Balance as at June 30, 2019 - Restated

**Transactions during the year**

Issuance of new shares  
 Total comprehensive income for the year  
 Profit for the year  
 Other comprehensive income/(loss)  
 Deferred tax

Balance as at June 30, 2020

The annexed notes 1 to 40 form an integral part of these financial statements.

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Chief Executive Officer



Director

Issued, subscribed and paid-up capital	Revenue reserve	Capital reserve	Total
	Unappropriated profit/(loss)	Fair value reserve of financial assets at FVOCI	
----- Rupees -----			
35,100,000	23,060,046	12,411,526	70,571,572
-	(3,085,318)	-	(3,085,318)
-	(2,371,277)	20,391,711	20,391,711
-	(5,456,595)	20,391,711	17,306,393
35,100,000	17,603,451	32,803,237	87,877,965
44,845,000	-	-	44,845,000
-	6,095,556	-	6,095,556
-	-	40,533,915	40,533,915
-	-	(15,950,831)	-
-	6,095,556	24,583,084	46,629,471
79,945,000	23,699,007	57,386,321	179,352,436

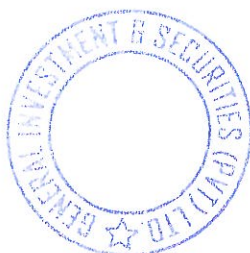
**GENERAL INVESTMENT & SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	Restated 2019 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) before taxation		6,635,844	(5,158,153)
<b>Adjustments:</b>			
Depreciation		264,753	264,711
Realized loss/(gain) on sale of short-term investments		(205,130)	(51,614)
Unrealized loss/(gain) on short-term investments		440,895	1,249,937
Dividend income		(3,096,748)	(950,014)
		(2,596,230)	513,020
<b>Profit before working capital changes</b>		<b>4,039,614</b>	<b>(4,645,133)</b>
<b>(Increase)/decrease in current assets</b>			
Trade receivable - net		(3,788,051)	(1,278,936)
Deposits, prepayments and other receivables		5,701,180	5,511,379
		1,913,129	4,232,443
<b>Increase/(decrease) in current liabilities</b>			
Trade and other payables		20,654,632	(790,571)
<b>Cash generated from/(used in) operations</b>		<b>26,607,375</b>	<b>(1,203,261)</b>
Proceeds from sale /(acquisition) of short-term investments -net		1,524,655	3,840,480
Dividends received		3,096,748	950,014
Income tax paid		(526,087)	(157,528)
		4,095,316	4,632,966
<b>Net cash from operating activities</b>		<b>30,702,691</b>	<b>3,429,706</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for acquisition of property and equipment		-	(574,588)
Purchase of Investments - net		(49,543,210)	2,371,277
Decrease/(increase) in long-term deposits		233,000	(3,120,000)
<b>Net cash generated from/(used in) investing activities</b>		<b>(49,310,210)</b>	<b>(1,323,311)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance lease payments		-	(341,825)
Proceeds from issue of shares		44,845,000	-
Increase in payable to supplier		5,600,000	-
Loan from Directors (repaid/converted) / received - net		(12,555,180)	6,248,206
<b>Net cash generated from/(used in) financing activities</b>		<b>37,889,820</b>	<b>5,906,381</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>19,282,301</b>	<b>8,012,776</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>29,059,416</b>	<b>21,046,640</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>48,341,717</b>	<b>29,059,416</b>

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The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive Officer



Director

**GENERAL INVESTMENT & SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**1 CORPORATE AND GENERAL INFORMATION**

**1.1 Legal status and operations**

General Investment Securities (Private) Limited (the "Company") is a private limited company incorporated in Pakistan on November 11, 1997 under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017). The Company is a holder of Trading Rights Entitlement Certificate ("TREC") of Pakistan

The Company is principally engaged in the business of investment advisory, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

The geographical location and address of Company and its branch office is as follows:

**Business Units      Geographical Location**

**Registered offices** Office #1209, 12th Floor, ISE Tower, 55-B Junhah Avenue, Blue Area, Islamabad

**Branch Office** Office # 6, Block 1, Mall Business Center, The Mall Road, Rawalpindi

**1.2 Summary of Significant events and transactions in the current year**

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting year:

- Company invested Rs. 49,543,210 in shares of ISE REIT Management Company Limited during the year
- The company obtained loan of Rs. 16,128,000 from directors.
- During the year, the company issued 448,450 shares at Rs.100.
- There was no significant impact of COVID-19 pandemic on the carrying amounts of assets and income during the

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

- International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as are notified under the Companies Act, 2017,
- Provisions of or directives issued under the Companies Act, 2017, and relevant provisions of the Securities Brokers (Licensing and Operations) Regulations 2016 (the "Regulations").

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provision of and directives issued under the Companies Act, 2017 shall prevail.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below

**2.3 Functional & Presentation Currency**

These financial statements are presented in Pakistan Rupee (Rs./Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs./Rupees, unless

**2.4 Use of Judgment and Estimates**

The preparation of financial statements in conformity with the 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 a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and amortization method of intangible assets – Note: 3.2 & 6;
- Impairment loss of non-financial assets other than inventories – Note: 3.4;
- Provision for expected credit losses – Note: 3.4;
- Estimation of provisions - Note: 3.11;
- Fair value of unquoted equity investments Note: 8;
- Classification, recognition, measurement / valuation of financial instruments Note: 3.3 and
- provision for taxation - Note 3.6.



**GENERAL INVESTMENT & SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

**3.1 Property and equipment**

**Initial Recognition**

Items of property and equipment are stated at cost less accumulated depreciation (if any) and impairment losses (if any). Cost includes expenditure that is direct attributable to the acquisition of the items.

**Subsequent measurement**

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 Company and the cost of the item can be measured reliably. Where such subsequent costs are incurred to replace parts and are capitalized, the carrying amount of replaced parts is derecognized. All other repair and maintenance expenditures are charged to profit or loss during the year in which they are incurred.

**Depreciation**

Depreciation on all items of property and equipment is calculated using the reducing balance method, in accordance with the rates specified in note 5 to these financial statements and after taking into account residual value, if material. Residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation is charged on an asset from the date when the asset is available for use until the asset is disposed of.

**Disposal**

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

**Judgments and estimates**

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

**Impairment**

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**Change in estimate**

The Company reviews useful lives of property and equipment on a regular basis. Any change in estimates in future years which might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment loss. Further, management also on a year basis reviews the carrying amounts of certain classes of property and equipment which are carried at revalued amounts. Any change in estimate in future years which might affect the carrying amount of these classes with a corresponding effect on the surplus on revaluation of property and equipment, related deferred tax liability and related charge of incremental depreciation.

**3.2 Intangible Asset - Acquired**

**TREC Certificates and PMEX Certificate**

These are stated at cost less impairment losses (if any). Cost includes expenditure that is directly attributable to the acquisition of the items. Trading Right Entitlement Certificates and Membership Card have indefinite useful life and accordingly are not amortized however, these are tested for impairment only. Impairment loss is recognized in

**Judgments and estimates**

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

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**GENERAL INVESTMENT & SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**3.3 Financial Instruments**

**Initial measurement of financial asset**

The Company classifies its financial assets into following three categories:

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

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

**Subsequent measurement**

**Debt Investments**

**at FVOCI**

These assets are subsequently measured at fair value. Interest/markup income calculated using the effective interest method, and impairment are recognised in the statement of profit or loss account. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit and loss account.

**at Amortized cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest/markup income, and impairment are recognised in the statement of profit and

**at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest /markup of dividend income, are recognised in the statement of profit and loss account.

**Equity Investments**

**at FVTOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive Income and are never reclassified to the statement of profit

**at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest /markup of dividend income, are recognised in the statement of profit and loss account.

**Non-derivative financial assets**

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets. The Company derecognizes the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

**Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to offset and the Company intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan.

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and financial liabilities at amortized cost, as appropriate

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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**GENERAL INVESTMENT & SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

**Financial liabilities at amortized cost (loans and borrowings)**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or

**3.4 Impairment**

**Financial Assets**

The Company applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for financial assets measured at amortised cost. The Company's expected credit loss impairment model reflects the present value of all cash shortfalls related to default events, either over the following twelve months, or over the expected life of a financial instrument, depending on credit deterioration from inception. The allowance/provision for credit losses reflects an unbiased, probability-weighted outcomes which considers multiple scenarios based on reasonable and supportable forecasts.

Where there has not been a significant decrease in credit risk since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to the remaining term to maturity is used.

When a financial instrument experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, or when a financial instrument is considered to be in default, expected credit loss is computed based on lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue effort or cost. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessments, including forward-looking information. Forward-looking information includes reasonable and supportable forecasts of future events and economic conditions. These include macro-economic information, which may be reflected through qualitative adjustments or overlays. The estimation and application of forward-looking information may require significant judgment



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Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. The Company makes this assessment on an individual asset basis, after consideration of multiple historical and forward-looking factors. Financial assets that are written off may still be subject to enforcement activities in order to comply with the Company's processes.

**Non-financial assets**

At each reporting date, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognised in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment

**3.5 Trade Receivable**

**Measurement**

Trade receivable are recognised initially at fair value and subsequently measured at cost less provision for doubtful

**Impairment**

A provision for impairment of trade debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debts. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on

**Judgments and estimates**

Management reviews its trade debtors on a continuous basis to identify receivables where collection of the amount is no longer probable. These estimates are based on historical experience and are subject to change in condition at the time of actual recovery.

**3.6 Taxation**

Income tax expense comprises current and deferred tax.

**Current**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management yearly evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantially enacted by the balance sheet 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.

**Judgment and estimates**

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities. Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

**Off-setting**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**3.7 Cash and cash equivalents**

These are measured at cost which is the fair value. For the purposes of cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, balances with banks on current and savings accounts and short term investment and running finance.

**3.8 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the company's shareholders.

**3.9 Share capital**

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**3.10 Trade and other payables**

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method. They are classified as current if payment is due within twelve months of the reporting date, and as non-current otherwise.

**3.11 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount could be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**Judgement and estimates**

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.



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**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.

**3.12 Revenue recognition**

Revenue is recognized to the extent that it is probable that 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**

Brokerage, consultation and advisory fee and commission on securities and commodities is recognized as and when related services are rendered.

**Income on bank deposits**

Mark-up / interest on bank deposits and return on investments is recognized on accrual basis.

**Profit on exposure deposits**

profit on exposure deposits is recognized using the effective interest rate.

**Dividend income**

Dividend income is recognised in profit or loss as other income when:

- the Company's right to receive payment have been established;
- it is probable that the economic benefits associated with the dividend will flow to the company; and
- the amount of the dividend can be measured reliably.

**Others**

Gain / loss on sale of investment is recognized in the year in which they arise.

**3.13 Borrowings**

These are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount unpaid at the reporting date.

**3.14 Fiduciary assets**

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company.

**3.15 Earnings per share**

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by using profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive

**3.16 Related party transactions**

All transactions involving related parties arising in the normal course of business are conducted and recorded at rates that are not less than market.

**4 INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR AN INTERPRETATION TO EXISTING STANDARDS**

**4.1 Standards, amendments and interpretations to accounting and reporting standards that became effective during the year**

The following standard and interpretation to accounting and reporting standards as applicable in Pakistan became effective for the first time and are relevant to the Company.

- a) IFRS 16 - 'Leases'
- b) IFRIC - 23 'Uncertainty over Income Tax Treatments'

The adoption of the above standard and interpretation to accounting standards did not have any material effect on the financial statements, details are as follows:

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**4.2 IFRS 16 - 'Leases'**

IFRS 16 supersedes 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 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. 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. 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.

**4.3 Standards, amendments and interpretations to accounting and reporting standards that are not yet effective**

The following amendments to the accounting and reporting standards as applicable in Pakistan are relevant to the Company and would be effective from the dates mentioned below against the respective standard or interpretation:

	Effective date (reporting periods beginning on or after)
IAS 1 Presentation of financial statements (Amendments)	1-Jan-20
IAS 8 Accounting policies, changes in accounting estimates and errors (Amendments)	1-Jan-20
IAS 16 Property, Plant and Equipment (Amendments)	1-Jan-22
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)	1-Jan-22
IAS 39 Financial Instruments: Recognition and Measurement (Amendments)	1-Jan-20
IAS 41 Agriculture (Amendments)	1-Jan-20
IFRS 3 Business combinations (Amendments)	1-Jan-20
IFRS 17 Insurance contracts (Amendments)	1-Jan-23
IFRS 7 Financial instruments: disclosures (Amendments)	1-Jan-20
IFRS 9 Financial instruments (Amendments)	1-Jan-20

The management anticipates that adoption of above amendments in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

- 4.4** Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of
- IFRS 1 First-time Adoption of IFRS and IFRS 17 Insurance contracts

- 4.5** IFRIC 12 Service concession arrangement interpretation issued by the IASB has been waived off by SECP:

**4.6 Correction of prior period error**

- 4.6.1** The company conducted a detailed review of transactions with related parties carried out in 2019 and discovered error in relation to purchase and transfer of shares of REIT. During 2019, the Company purchased 2,280,952 shares of ISE Towers REIT Management Company Limited for Rs 11,746,903. Out of Rs. 11,746,903, Rs. 2,533,206 was paid by the director of the company which was wrongly adjusted against short term advances to suppliers. As a consequence, Director loan payable was understated by Rs. 2,533,206, short term advances was understated by Rs. 2,533,206.

During 2019, the Company transferred 1,002,000 shares (valuing Rs. 14,118,180 ) to a Director. However, the company erroneously recorded transfer of 1,278,952 shares (Rs 18,020,433) in the financial statements and recorded the corresponding amount as administrative expense instead of long term loan to director. As a result, long term investment in REIT was understated by Rs 3,902,253; administrative expenses were overstated by Rs. 18,020,433 and director loan receivable understated by Rs. 14,118,180. The correction of the error is accounted for retrospectively, and the comparative information for 2019 have been restated.

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**4.6.2** During the year, the company identified error in relation to the classification of equity investments. The company erroneously recorded investment in ISE REIT Management Company Limited both in short term at FVTPL and long term investments at FVTOCI in 2019. Fair value gain on portion of the investment classified at FVTPL was recorded in P&L. As per IFRS-9, investment in same scrip should either be classified in FVTPL or FVTOCI. The business model of the company for these shares was FVTOCI. Consequently, short term investments were overstated by Rs. 18,020,434, long term investments were understated by Rs. 18,020,434. At the same time gain of Rs. 20,391,711 was routed through statement of profit or loss instead of statement of other comprehensive income. The correction of the error is accounted for retrospectively, and the comparative information for 2019 have been restated.

The above errors has been corrected by restating each of the effected financial statement line items for the prior periods, as follows:

**Statement of profit or loss**

Statement of Profit or Loss

For the year ended 30 June 2019			
2019	Profit Increase/ (Decrease)	2019 (Restated)	
----- Rupees -----			
Operating and Administrative Expenses (Note: 4.6.1)	35,452,227	18,020,434	17,431,793
Other Income (Note: 4.6.2)	19,686,484	(20,391,711)	(705,227)
Net impact		(2,371,277)	

**Statement of financial position**

	30-Jun-19	Increase/ (decrease)	Transfer	30-June-2019 (Restated)
----- Rupees -----				
Directors Loan payable (Note: 4.6.1)	17,065,000	2,533,206	-	19,598,206
Advances to supplier (Note: 4.6.1)	545,562	2,533,206	-	3,078,768
Short term investment (Note: 4.6.1)	18,128,966	3,902,254	(18,020,434)	4,010,786
Long term investment (Note: 4.6.2)	42,757,556	18,020,434	-	60,777,990
Capital reserve (Note: 4.6.2)	12,411,526	20,391,711		32,803,237
Loan to director (Note: 4.6.1)	-	-	14,118,180	14,118,180

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**5 PROPERTY AND EQUIPMENT**

	Owned				Total
	Computer equipment	Furniture and fixtures	Office equipment	Vehicles	
	----- Rupees -----				
<b>Cost</b>					
Balance as at July 01, 2018	1,278,101	711,970	1,225,358	-	3,215,429
Additions	253,500	129,088	192,000	-	574,588
Transferred from leased to owned	-	-	-	2,481,984	2,481,984
Balance as at June 30, 2019	1,531,601	841,058	1,417,358	2,481,984	6,272,001
<b>Depreciation</b>					
Balance as at July 01, 2019	1,531,601	841,058	1,417,358	2,481,984	6,272,001
Additions	-	-	-	-	-
Balance as at June 30, 2020	1,531,601	841,058	1,417,358	2,481,984	6,272,001
<b>Depreciation</b>					
Balance as at July 01, 2018	1,169,213	682,171	974,034	-	2,825,418
For the period	71,254	7,001	42,732	143,724	264,711
Transferred from leased to owned	-	-	-	1,523,825	1,523,825
Balance as at June 30, 2019	1,240,467	689,172	1,016,766	1,667,549	4,613,954
<b>Depreciation</b>					
Balance as at July 01, 2019	1,240,467	689,172	1,016,766	1,667,549	4,613,954
For the period	87,340	15,189	40,059	122,165	264,753
Balance as at June 30, 2020	1,327,807	704,361	1,056,825	1,789,714	4,878,707
<b>Carrying amount as at June 30, 2020</b>	<b>203,794</b>	<b>136,697</b>	<b>360,533</b>	<b>692,270</b>	<b>1,393,294</b>
Carrying amount as at June 30, 2019	291,134	151,886	400,592	814,435	1,658,047
<b>Rate of Depreciation</b>	<b>30%</b>	<b>10%</b>	<b>10%</b>	<b>15%</b>	

**5.1** Depreciation has been allocated to administrative expenses.



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6 INTANGIBLE ASSETS		2020	Restated 2019
	Note	Rupees	Rupees
Trading Right Entitlement Certificate ("TREC")	6.1&6.2	2,500,000	2,500,000
Pakistan Mercantile Exchange Membership Card	6.3	2,500,000	3,200,000
		<u>5,000,000</u>	<u>5,700,000</u>

- 6.1 The Company has pledged/hypothecated Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited (PSX) at a notional value of Rs. 2.5 million to meet Base Minimum Capital (BMC)
- 6.2 These are carried at notional value of Rs. 2.5 million (2019: Rs. 2.5 million) as published by PSX.
- 6.3 These are carried at below notional value which is Rs. 3.5 million as published by the PMEX.

**7 FINANCIAL ASSETS OTHER THAN CASH AND BANK**

<i>Financial Assets designated at FVTOCI</i>	8	150,855,115	60,777,990
<i>Equity instruments designated at FVTPL</i>	12	2,250,365	4,010,786
<i>Debt instruments at amortised cost</i>			
- Long term deposits	9	4,250,000	3,783,000
- Trade debts - net	10	8,451,591	4,663,540
- Loans and advances	11	3,105,768	17,466,948
- Short term deposits	11	11,460,000	20,266,948
		27,267,359	46,180,436
		<u>180,372,841</u>	<u>110,969,212</u>

**8 LONG TERM INVESTMENTS - FVTOCI**

*Non-listed Equity Securities*

Opening Balance	8.1	60,777,990	42,757,556
Additions during the year	8.2	49,543,210	11,746,903
Adjustment for remeasurement to fair value		40,533,915	20,391,711
Shares transferred to director		-	(14,118,180)
	8.3	<u>150,855,115</u>	<u>60,777,990</u>

- 8.1 Opening balance include 42% (1,820,762 shares) which are held in a separate Central Depository Company Limited ("CDC") blocked sub-account.
- 8.2 Additions during the year include an amount of Rs. 16.128 million for which payment was made by the director of the company. Refer to Note:17.
- 8.3 This represents investment in the shares of ISE REIT Management Company Limited. The shares are non-listed and there is no evidence of existence of an active market or transactions amongst the participants at an arms length basis. As an alternative approach, the break-up value of shares (calculated as per TR-22 issued by ICAP) of ISE REIT Management Company Limited as per their latest audited financial statements has been taken with adjustment for unobservable inputs related to percentage of assets of REIT stated at fair value and risk factors related to marketability of shares.

**9 LONG TERM DEPOSITS**

Central Depository Company Limited	100,000	100,000
National Clearing Company of Pakistan Limited	1,200,000	1,200,000
Pakistan Stock Exchange Limited	200,000	200,000
PMEX Deposit	1,250,000	1,250,000
	2,750,000	2,750,000
Other security deposits	1,500,000	1,783,000
	<u>4,250,000</u>	<u>4,533,000</u>

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		2020	Restated 2019
	Note	Rupees	Rupees
<b>10 TRADE AND OTHER RECEIVABLE</b>			
Other parties	10.1	6,079,411	6,970,835
Related parties	10.2	97,506	
		6,176,917	6,970,835
Other Receivable	10.4	5,301,138	267,264
		11,478,055	7,238,099
<b>Less allowance for expected losses</b>			
Customer	10.3	3,026,464	2,574,559
		8,451,591	4,663,540

10.1 Aging of Trade receivable

	2020		
	Due from related parties	Clients	Total
	Rupees		
Not overdue	65,872	1,272,205	1,338,077
Past due less than 30 days	(19,714)	1,495,371	1,475,657
Past due less than 60 days	(15,072)	(89,155)	(104,227)
Past due less than 90 days	(91,730)	(2,330,197)	(2,421,927)
Past due less than 365 days	(716,876)	1,916,314	1,199,438
Past due over 365 days	875,026	3,814,873	4,689,899
Gross trade receivable	97,506	6,079,411	6,176,917
Impairment provision	(2,290)	(3,024,173)	(3,026,463)
<b>Trade receivable net</b>	<b>95,216</b>	<b>3,055,238</b>	<b>3,150,454</b>

10.2 Trade receivable from related parties

Name of Related Party	Gross amount due	Past due amount	Provision for expected credit losses	Reversal of provision for expected credit losses	Amount due written off	Net Amount Due	Maximum Amount Outstanding at any time
Ropes							
Directors	79,282	-	-	-	-	79,282	1,080,199
CEO	18,224	-	2,290	-	-	15,934	639,591
	97,506	-	(2,290)	-	-	95,216	-

10.2.1 Age analysis of trade receivables from related parties

	2020		
	Directors	CEO	Total
	Rupees		
Not overdue	65,872	-	65,872
Past due less than 30 days	(120,638)	100,924	(19,714)
Past due less than 60 days	(15,072)	-	(15,072)
Past due less than 90 days	(27,879)	(63,851)	(91,730)
Past due less than 365 days	(811,809)	94,933	(716,876)
Past due over 365 days	988,807	(113,781)	875,026
Total trade receivable	79,282	18,224	97,506
Provision for ECL	-	(2,290)	(2,290)
	79,282	15,934	95,216

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	Note	2020 Rupees	Restated 2019 Rupees
<b>10.3 Allowance for expected credit losses</b>			
Balance as at July 1		2,574,559	1,318,656
Charged during the year		451,905	1,255,903
Closing balance (as at June 30)		<u>3,026,464</u>	<u>2,574,559</u>

**10.4 Other Receivables**

Receivable from NCCPL	10.4.1	3,849,253	-
DFC profits held		417,428	267,264
CDC and UIN charges recoverable	10.4.2	1,034,457	-
		<u>5,301,138</u>	<u>267,264</u>

10.4.1 This represents amount receivable against trading of securities in all markets which will be settled on 2-July-2020

10.4.2 This represents CDC and NCCPL annual charges paid by the company on behalf of clients which will be subsequently charged to respective clients.

**11 PREPAYMENTS, DEPOSITS AND ADVANCES**

**Short-term loans and advances**

Advances to employees	27,000	270,000
Loan to director	-	14,118,180
Advance to suppliers	3,078,768	3,078,768
	<u>3,105,768</u>	<u>17,466,948</u>

**Short-term deposits**

NCCPL exposure Margin - House	9,160,000	2,800,000
NCCPL exposure Margin - Clients	2,300,000	-
	<u>11,460,000</u>	<u>2,800,000</u>
	<u>14,565,768</u>	<u>20,266,948</u>

11.1 This represents advance paid to supplier for purchase of ISE REIT Management Company Limited shares.

**12 SHORT TERM INVESTMENTS - FVTPL**

<b>Listed equity Securities</b>	12.1	2,250,365	4,010,786
		<u>2,250,365</u>	<u>4,010,786</u>

12.1 Fair values of these equity shares are determined by reference to published price quotations in an active market.

12.2 Shares with fair value of PKR 2,180,000 (2019: PKR. 3,944,700) have been pledged with NCCPL against margin deposit requirements.

**13 CASH AND BANK BALANCES**

Cash in hand		-	16,304
<b>Cash at bank - Local currency</b>			
Current accounts	13.1	47,627,984	28,996,490
Savings accounts		713,735	46,621
		<u>48,341,719</u>	<u>29,059,415</u>

13.1 Cash at bank includes customers' assets amounting to PKR 42,305,952 (2019:23,704,720) held in designated bank account and PMEX House account balance amounting to Rs. 5,322,031.

**14 SHARE CAPITAL**

<b>14.1 Authorized capital</b>			
1,800,000 (2019: 1,800,000) ordinary shares of PKR 100 each, fully paid in cash		<u>180,000,000</u>	<u>180,000,000</u>

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**14.2 Issued, subscribed and paid-up share capital**

2020	2019			
<u>799,450</u>	<u>351,000</u>	Ordinary shares of Rs.100 each, issued for cash	<u>79,945,000</u>	<u>35,100,000</u>

**14.3 Reconciliation of number of shares outstanding**

		2020	Restated 2019
<b>Ordinary shares</b>		No.	No.
Number of shares outstanding at the beginning of the year	14.4	351,000	351,000
Issued for cash		277,800	-
Issued for cash (against long term director's loan)	14.5	170,650	-
Number of shares outstanding at the end of the year		<u>799,450</u>	<u>351,000</u>

14.4 This represents shares issued at par value of Rs.100 each against consideration of cash.

14.5 This represents shares issued at par value of Rs.100 each against conversion of long term director's loan.

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

	Number of Shares		Percentage	
	2020	2019	2020	2019
Mr. Ch. Muhammad Aslam	<u>739,845</u>	<u>291,395</u>	<u>92.54%</u>	<u>83.02%</u>

**15 CAPITAL RESERVE**

	Note	2020 Rupees	Restated 2019 Rupees
Fair value reserve		<u>57,386,321</u>	<u>32,803,237</u>

15.1 The fair value reserve comprises the cumulative net change in the fair value of financial assets designated at fair value through OCI.

**16 FINANCIAL LIABILITIES**

**Non-Current**

**Financial liabilities at amortised cost**

Loan from director	17	7,043,026	19,598,206
Other payables		5,600,000	-
		<u>12,643,026</u>	<u>19,598,206</u>

**Current**

**Financial liabilities at amortised cost**

Trade payable	19	45,143,469	24,488,837
		<u>57,786,495</u>	<u>44,087,043</u>

**17 LONG TERM FINANCING**

Loan from director - unsecured	17.1	7,043,026	19,598,206
Other payables	17.2	5,600,000	-
		<u>12,643,026</u>	<u>19,598,206</u>

**17.1 Loan from director**

Opening Balance		19,598,206	13,350,000
Addition	17.1.1	16,128,000	6,248,206
Director loan wrongly classified as PMEX payable	37	2,500,000	-
Adjustment against loan receivable from director	9	(14,118,180)	-
Conversion into share capital	17.1.2	(17,065,000)	-
Closing Balance		<u>7,043,026</u>	<u>19,598,206</u>

17.1.1 This represents interest-free loan received from director of the company for purchase of 4,032,603 shares of ISE REIT. The loan bears no interest. The loan is not discounted as it has no terms and can be demanded at any time. It is recognised at the full amount received.

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17.1.2 This represents opening balance of long term loan from director which has been converted into share capital of

17.1.3 The maximum amount outstanding at any time during the year is Rs. 19,598,206.

17.2 This represent amount payable to third party for purchase of shares, payable after 1 year as per agreement.

**18 DEFERRED TAX LIABILITY**

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	Note	2020 Rupees	Restated 2019 Rupees
Deferred tax liability		16,302,634	-
Deferred tax asset		(877,674)	-
		<u>15,424,960</u>	<u>-</u>
<b>18.1 Analysis of change in deferred tax</b>			
Fixed assets		351,803	-
Revaluations of financial assets to FVTOCI		15,950,831	-
Provision for bad debts		(877,674)	-
Revaluations of equity instruments to FVTPL		-	-
		<u>15,424,960</u>	<u>-</u>
<b>19 TRADE AND OTHER PAYABLES</b>			
Trade creditors	19.1	43,860,665	18,077,606
Accrued & Other payables		1,282,804	6,411,231
		<u>45,143,469</u>	<u>24,488,837</u>

19.1 Trade payables include balances amounting to Rs. 7,592 (2019: Rs. 1,202,437) due to related parties.

**20 CURRENT TAX LIABILITY**

Balance at the beginning of the year	325,997	185,083
Add: Current year provision	1,066,159	298,442
	<u>1,392,156</u>	<u>483,525</u>
Less: Adjustment against advance tax	(526,087)	(157,528)
Balance Payable / (Receivable)	<u>866,069</u>	<u>325,997</u>

**21 CONTINGENCIES AND COMMITMENTS**

21.1 There are no contingencies or commitments of the Company as at June 30, 2020 (2019: Nil)

**22 REVENUE**

Commission Income Equity Trading	21,897,861	12,028,853
Commission Income Commodity trading	292,500	-
	<u>22,190,361</u>	<u>12,028,853</u>
Less: Federal Excise Duty	(3,020,395)	-
	<u>19,169,966</u>	<u>12,028,853</u>
Dividend income from equity instruments at FVTOCI	2,910,704	950,014
Dividend income from equity instruments at FVTPL	186,044	-
	<u>3,096,748</u>	<u>950,014</u>
	<u>22,266,714</u>	<u>12,978,867</u>

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		2020	Restated 2019
	Note	Rupees	Rupees
<b>23 OPERATING AND ADMINISTRATIVE EXPENSES</b>			
Staff salaries, allowances and other benefits		7,067,738	6,791,318
Directors' remuneration		-	210,850
Depreciation		264,753	264,711
Traveling and conveyance		32,870	480,291
Telephone		303,162	335,170
Entertainment		177,708	159,330
Advertisement		-	56,100
Auditors' remuneration	23.1	174,000	150,000
PSX and CDC charges		642,116	1,390,283
ISE charges		210,474	730,107
Newspapers and periodicals		9,788	10,954
Internet charges		10,100	97,164
Printing and stationery		10,272	22,990
Postage and courier charges		17,246	38,713
Fee and subscription		302,012	258,581
Legal and Professional charges		187,650	116,200
Provision for doubtful debts		451,905	1,255,903
Repair and maintenance		77,060	518,221
Vehicle Running and Maintenance		77,335	134,338
Rent, rate and taxes		5,025,591	3,939,225
Software charges		96,320	91,000
Office expenses		101,635	70,442
Bank and other charges		1,017	-
Utilities		116,436	51,490
Miscellaneous		237,991	258,413
		<u>15,595,179</u>	<u>17,431,794</u>
<b>23.1 Auditor's remuneration</b>			
<b>Audit Services</b>			
Annual Audit fee		145,000	110,000
<b>Non-audit services</b>			
Certifications for regulatory purposes		29,000	40,000
		<u>174,000</u>	<u>150,000</u>
<b>24 OTHER INCOME / (LOSS)</b>			
Profit on savings account		153,171	32,957
Fair value gain / (loss) on equity instruments at FVTPL		(440,895)	(1,249,937)
Gain (loss) on sale of equity instruments at FVTPL - net		205,130	51,614
Miscellaneous income		46,903	460,139
		<u>(35,691)</u>	<u>(705,227)</u>
<b>25 INCOME TAX EXPENSE</b>			
Current tax		1,066,159	298,442
Deferred tax	25.2	(525,871)	-
		<u>540,288</u>	<u>298,442</u>
<b>25.1 Major components of current tax expense</b>			
Charge for current year		1,066,159	298,442
		<u>1,066,159</u>	<u>298,442</u>

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		2020	Restated 2019
	Note	Rupees	Rupees
<b>25.2 Major components of deferred tax expense</b>			
Accelerated depreciation		351,803	-
Provision for bad debts		(877,674)	-
Revaluations of equity instruments to FVTPL		-	-
		<u>(525,871)</u>	<u>-</u>
<b>25.3 Tax expense on items recognized in other comprehensive income</b>			
Revaluations of financial assets to FVTOCI		<u>15,950,831</u>	<u>-</u>

**25.4** Numerical reconciliation between accounting profit and tax expense for the year is not possible due to calculation of tax based on alternate tax regime.

**26 EARNINGS PER SHARE**

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

Profit / (loss) after taxation, attributable to ordinary shareholders	6,095,556	(5,456,595)
Weighted average number of ordinary shares in issue during the year	360,829	351,000
<b>Earnings per share</b>	<u>16.89</u>	<u>(15.55)</u>

**26.1 Weighted average number of ordinary shares (basic)**

Issued ordinary shares at 1 January	351,000	351,000
Effect of shares issued at the end of the year	9,829	-
	<u>360,829</u>	<u>351,000</u>

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

**27 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amounts charged in the financial statements for remuneration to the chief executive, directors and executives of the Company as per the terms of their employment are set out in the table below:

	2020		2019	
	CEO	Director	CEO	Director
	----- Rupees -----		----- Rupees -----	
<b>Short term employee benefits</b>				
Managerial Remuneration	-	-	160,850	50,000
	-	-	160,850	50,000
<b>No. of persons</b>	<u>1</u>	<u>3</u>	<u>1</u>	<u>3</u>

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**28 FINANCIAL RISK MANAGEMENT**

**28.1 Risk management framework**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.

**28.2 (a) Market risk**

**(i) Foreign currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company do not have any financial instruments in foreign currencies and accordingly is not exposed to such risk.

**(ii) Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant long-term interest-bearing assets. Financial instruments at variable rates expose the Company to cash flow interest rate risk. At the reporting date, there were no variable rate interest-bearing financial instruments.

**(iii) Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The maximum exposure to price risk at the reporting date was as follows:

The Company's investment in listed shares amounting to Rupees 2.02 million (2019: Rupees 4.01 million) is exposed to price risk due to change in fair value.

**(b) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other

**Trade Receivable**

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

The aging analysis of trade receivable as at reporting is as follows:

	2020		
	Due from related parties	Other Parties	Total
	----- Rupees -----		
Not overdue	65,872	1,272,205	1,338,077
Past due less than 30 days	(19,714)	1,495,371	1,475,657
Past due less than 60 days	(15,072)	(89,155)	(104,227)
Past due less than 90 days	(91,730)	(2,330,197)	(2,421,927)
Past due less than 365 days	(716,876)	1,916,314	1,199,438
Past due over 365 days	875,026	3,814,873	4,689,899
<b>Gorss Trade Receivable</b>	<b>97,506</b>	<b>6,079,411</b>	<b>6,176,917</b>
Impairment provision	(2,290)	(3,024,173)	(3,026,463)
<b>Net Trade Receivable</b>	<b>95,216</b>	<b>3,055,238</b>	<b>3,150,454</b>

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**Other financial assets at amortised cost**

Other financial assets at amortised cost include deposits, short term loans and advances, and other receivables.

**(c) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and bank balances. At 30 June, 2020, the Company had Rupees 48,341,719 (2019: Rupees 29,059,416) bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Carrying amount	Contractual cash flows	Less than one year	More than one year
----- Rupees -----			

**Contractual maturities of financial liabilities as at June 30, 2020****Financial liabilities :**

Long term financing	12,643,026	12,643,026	-	12,643,026
Trade and other payables	45,143,469	45,143,469	45,143,469	-
	<u>57,786,495</u>	<u>57,786,495</u>	<u>45,143,469</u>	<u>12,643,026</u>

**Contractual maturities of financial liabilities as at June 30, 2019****Financial liabilities :**

Long term financing	19,598,206	19,598,206		19,598,206
Trade and other payables	24,488,837	24,488,837	24,488,837	
	<u>44,087,043</u>	<u>44,087,043</u>	<u>24,488,837</u>	<u>19,598,206</u>

Contractual cash flows include interest related cash flows up to the year end. The future interest related cash flows depends on the extent of utilization of short term borrowings facilities and the interest rates applicable at that time.

**29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

Set out below is a comparison, by class, of the carrying amounts and fair values of the company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

**29.1 Fair value of financial instruments**

2020		2019	
Carrying amount	Fair value	Carrying amount	Fair value
----- Rupees -----			

**Financial Assets**

Non-listed equity investments	150,855,115	150,855,115	60,777,990	60,777,990
Short term advances	27,000	27,000	270,000	270,000
Listed equity investments	2,250,365	2,250,365	4,010,786	4,010,786
<b>Total</b>	<u>153,132,480</u>	<u>153,132,480</u>	<u>65,058,776</u>	<u>65,058,776</u>

The management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, short term finances and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

**Non-listed equity investments**

The shares are non-listed and there is no evidence of existence of an active market or transactions amongst the participants at an arms length basis. As an alternative approach, the break-up value of shares (calculated as per TR-22 issued by ICAP) of ISE REIT Management Company Limited as per their latest audited financial statements has been taken with adjustment for unobservable inputs related to percentage of assets of REIT stated at fair value and risk factors related to marketability of shares.



**Listed equity investments**

There is an active market for the Company's listed equity investments and quoted debt instruments.

**29.2 Measurement hierarchy of financial instruments**

The following table shows the fair values of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value. The company does not have a financial liability measured at fair value.

	level 1	level 2	level 3	Total
	----- Rupees -----			
<b>As at June 30, 2020</b>				
<b>Financial Assets</b>				
Non-listed equity investments	-	-	150,855,115	150,855,115
Listed equity investments	2,250,365	-	-	2,250,365
	<u>2,250,365</u>	<u>-</u>	<u>150,855,115</u>	<u>153,105,480</u>
<b>As at June 30, 2019</b>				
<b>Financial Assets</b>				
Non-listed equity investments	-	-	60,777,990	60,777,990
Listed equity investments	4,010,786	-	-	4,010,786
	<u>4,010,786</u>	<u>-</u>	<u>60,777,990</u>	<u>64,788,776</u>

**29.3 Sensitivity Analysis**

The table below summarizes Company's equity price risk as of June 30, 2020 and 2019 and shows the effects of a hypothetical 10% increase and a 10% decrease in market price of non-listed equity securities as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

	Fair Value	Hypothetical Change	Estimated fair value after hypothetical change	Hypothetical change in shareholder equity	Hypothetical change in Profit / (Loss) after tax
	----- Rupees -----				
<b>June 30, 2020</b>					
Non-listed equity securities	150,855,115	10% increase	165,940,627	15,085,512	-
		10% decrease	135,769,604	(15,085,512)	-
<b>June 30, 2019</b>					
Non-listed equity securities	60,777,990	10% increase	66,855,789	6,077,799	-
		10% decrease	54,700,191	(6,077,799)	-

**29.4 Reconciliation of level 3 fair values**

The following table shows reconciliation of fair value measurement of non-listed equity investments classified as equity instruments designated at fair value through OCI:

Real Estate Sector	Note	2020 Rupees	Restated 2019 Rupees
Opening balance		60,777,990	42,757,556
Purchases		49,543,210	11,746,903
Transferred		-	(14,118,180)
Remeasurement recognised in OCI		40,533,915	20,391,711
Balance as at June 30, 2020		<u>150,855,115</u>	<u>60,777,990</u>

**29.5 Transfers between hierarchy levels**

There were no transfers amongst the levels during the year.

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### 30 CAPITAL MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The total long term borrowings to equity ratio as at year end are as follows:

	Note	2020 Rupees	Restated 2019 Rupees
Debt	17	12,643,026	19,598,206
Equity		161,030,328	85,506,688
		<u>173,673,354</u>	<u>105,104,894</u>
<b>Debt/equity ratio</b>		<u>7%</u>	<u>19%</u>

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

### 31 CAPITAL ADEQUACY LEVEL AND CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

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

	2020	2019
	Rupees	
Total assets	235,107,852	129,919,728
Less: Total liabilities	(74,077,524)	(44,413,040)
Capital adequacy level	<u>161,030,328</u>	<u>85,506,688</u>

While determining the value of the total assets of the TREC holder, notional value of the TRE certificate as at year ended as determined by Pakistan Stock Exchange has been considered.

### 32 BASE MINIMUM CAPITAL

In compliance with the Regulation 19.2 of the Rule Book of Pakistan Stock Exchange Limited, every Trading Right Entitlement Certificate (TREC) holder registered as a broker, is required to maintain a Base Minimum Capital (BMC) in the amount and form as prescribed in the Rule on the basis of Assets Under Custody (AUC). As per the said regulation, the Company is required to maintain BMC of Rs. 23 million as at June 30, 2020. The Company has pledged TRE Certificate and a portion of shares of ISE REIT to meet this requirement.

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**33 NET CAPITAL BALANCE**

Description	Note	30-Jun-20 Rupees
<b><u>Current Assets</u></b>		
Cash and bank balances	13	43,019,687
Trade receivable	33.2	991,956
Investment in Listed Securities	33.3	1,912,810
Receivable from National Clearing Company of Pakistan Limited	10.4.1	3,849,253
Cash Exposure With PSX	11	11,460,000
Securities Purchased for Customers		2,160,237
<b>Total Current Assets</b>		<b>63,393,943</b>
<b><u>Current Liabilities</u></b>		
Trade payables	33.4	21,482,976
Other liabilities	33.5	23,660,493
<b>Total Current Liabilities</b>		<b>45,143,469</b>
<b>Net Capital Balance as at June 30, 2020</b>		<b>18,250,474</b>

**33.1 STATEMENT OF COMPLIANCE**

This Net Capital Balance Statement is prepared in accordance with the requirements of the Regulation 6 and the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 read with Rule 2(d) of the Securities and Exchange Commission Rules, 1971 and SECP guidelines.

The accounting principles and methods of computation used in the preparation of this Statement of Net Capital Balance are the prevailing accounting policies of General Investment and Securities (Pvt) Limited.

The valuation of current assets and current liabilities for the purposes of net capital balance has been determined on the basis of the following:

Description	Valuation Basis
Cash in hand or in bank	As per Book value
Cash margin with NCCPL	As per Book value
Trade Receivables	Book value less those overdue for more than 14 days
Investment in the listed securities	Securities on the exposure list marked to market less 15% discount
Securities Purchased for Clients	Securities purchased for the customer and held by the broker where the payment has not been received within fourteen days
Trade Payables	Book value less overdue for more than 30 days
Other liabilities	As classified under generally accepted accounting principles

**33.2 Trade Receivable**

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

	Note	30-Jun-20 Rupees
Book Value	10	6,176,917
Less: overdue for more than 14 days		(5,184,961)
		<b>991,956</b>



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**33.3 Investment in Listed Securities**

Investment in Listed Securities  
Less 15% Discount

	Note	30-Jun-20 Rupees
	12	2,250,365
		(337,555)
		<u>1,912,810</u>

As per the guidelines issued by the SECP, only available for sale and shares pledged with KSE or NCCPL has been taken in calculation of Net Capital Balance. Investment in unlisted Securities and shares in freeze status has not been taken in the calculation of net capital balance.

**33.4 Trade payable**

This Represent balance payable against trading of shares less trade payables overdue for more than 30 days which has been included in other liabilities.

Customers  
Over due more than 30 days

19	43,860,665
	(22,377,689)
	<u>21,482,976</u>

**33.5 Other Liabilities**

This represent current liabilities and trade payable which are overdue for more than 30 days. Other liabilities are stated as book value.

Trade payables overdue for more than 30 days  
Accrued and other payable

19	22,377,689
	1,282,804
	<u>23,660,493</u>

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34 LIQUID CAPITAL BALANCE

Sr. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
		----- Rupees -----		
1. Assets				
1.1	Property & Equipment	1,393,294	1,393,294	-
1.2	Intangible Assets	5,000,000	5,000,000	-
1.3	<b>Investment in Govt. Securities:</b>			
	Difference between book value and sale value on the date on the basis of PKRV published by NIFT		-	-
	- Sale value on the date on the basis of PKRV published by NIFT			
1.4	<b>Investment in Debt. Securities:</b>			
	<b>If listed than:</b>			
	i. 5% of the balance sheet value in the case of tenure up to 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.		-	-
	<b>If unlisted than:</b>			
	i. 10% of the balance sheet value in the case of tenure up to 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	<b>Investment in Equity Securities:</b>			
	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.	2,250,365	343,002	1,907,363
	ii. If unlisted, 100% of carrying value.		-	-
1.6	<b>Investment in subsidiaries:</b>			
	- 100% of net value		-	-
1.7	<b>Investment in associated companies/undertaking:</b>			
	i. If listed 15% or VaR of each securities as computed by the Securitas Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	150,855,115	150,855,115	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity	4,250,000	4,250,000	-
	- 100% of net value			
1.9	Margin deposits with exchange and clearing house - Nil Haircut	11,460,000	-	11,460,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB		-	-
	- nill			
1.11	Other deposits and prepayments		-	-
	- 100% haircut of carrying value			
1.12	<b>Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc:</b>			
	- nill		-	-
	- 100% in respect of markup accrued on loans to directors, subsidiaries and other related parties		-	-
1.13	Dividends receivables: - Nill		-	-
1.14	<b>Amounts receivable against Repo financing:</b>			
	- Amount paid as purchaser under the REPO agreement.			
	- Securities purchased under repo arrangement shall not be included in the investments.			
1.15	<b>Advances and Receivables other than trade receivables:</b>			
	i. No Haircut may be applied on the short term loan to employees provided these loans are secured and due for repayment within 12 months	27,000	27,000	-
	ii. No Haircut may be applied to the advance tax to the extent it is netted with provision of taxation	-	-	-
	iii. In all other cases. - 100% of net value	3,078,768	3,078,768	-
1.16	<b>Receivables from clearing house or securities exchange(s):</b>			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	3,849,253	-	3,849,253

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GENERAL INVESTMENT & SECURITIES (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

34 LIQUID CAPITAL BALANCE

Sr. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
		----- Rupees -----		
1.17	<b>Receivables from customers</b>			
	i. In case receivables are against margin financing, the aggregate if a. value of securities held in the blocked account after applying VAR based Haircut, b. cash deposited as collateral by the Financee and c. 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.</i>		-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>(Net amount after deducting haircut)</i>		-	-
	iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract <i>- Net amount after deducting haircut</i>		-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>- Balance sheet value</i>	559,721	-	559,721
	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of a. the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, b. cash deposited as collateral by the respective customer and c. the market value of securities held as collateral after applying VaR based haircuts. <i>- Lower of net balance sheet value or value determined through adjustments.</i>	3,737,405	1,439,556	2,297,848
	vi. 100% haircut in the case of amount receivable from related parties.	97,506	97,506	-
1.18	<b>Cash and Bank balances:</b>			
	i. Bank Balance-proprietary accounts	713,735	-	713,735
	ii. Bank balance-customer accounts	42,305,953	-	42,305,953
	iii. Cash in hand		-	-
1.19	<b>Subscription money against investment in IPO/offer for sale (asset):</b>			
	No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker. <i>- Net amount after deducting haircuts</i>			
1.20	<b>Total Assets</b>	<b>229,578,115</b>	<b>166,484,242</b>	<b>63,093,874</b>
<b>2. Liabilities</b>				
2.1	<b>Trade Payables:</b>			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	43,860,665	-	43,860,665
2.2	<b>Current Liabilities:</b>			
	i. Statutory and regulatory dues		-	-
	ii. Accruals and other payables	1,282,804	-	1,282,804
	iii. Short-term borrowings		-	-
	iv. Current portion of subordinated loans		-	-
	v. Current portion of long term liabilities		-	-
	vi. Deferred Liabilities		-	-
	viii. Provision for taxation		-	-
	ix. Other liabilities as per accounting principles and included in the financial statements		-	-

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GENERAL INVESTMENT & SECURITIES (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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34 LIQUID CAPITAL BALANCE

Sr. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
		----- Rupees -----		
2.3	<b>Non-Current Liabilities:</b>			
	i. Long-Term financing		-	-
	ii. Staff retirement benefits		-	-
	iii. other liabilities as per accounting principles and included in the financial statements	5,600,000	5,600,000	-
	- 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases.	-	-	-
	- Nil in all other cases.			
2.4	<b>Subordinated Loans:</b>			
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted. In this regard, following <b>conditions</b> are specified:	7,043,026	7,043,026	-
	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.			
2.5	<b>Advance against shares for Increase in Capital of Securities broker:</b>			
	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. Board 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.			
2.6	<b>Total Liabilities</b>	57,786,495	12,643,026	45,143,469
<b>3. Ranking Liabilities Relating to:</b>				
3.1	<b>Concentration in Margin Financing:</b>			
	The amount calculated client-to-client basis by which any amount receivable from any of the finances exceed 10% of the aggregate of amounts receivable from total finances.	-	-	-
3.2	<b>Concentration in securities lending and borrowing:</b>			
	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			
	- Amount as determined through adjustment			
3.3	<b>Net underwriting Commitments:</b>			
	(a) - in the case of right issue: if the market value of securities 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 issue: where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitment.			
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
	- Amount as determined through adjustment			
3.4	<b>Negative equity of subsidiary</b>			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
	- Amount as determined through adjustment			

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GENERAL INVESTMENT & SECURITIES (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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34 LIQUID CAPITAL BALANCE

Sr. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
		----- Rupees -----		
3.5	<b>Foreign exchange agreements and foreign currency positions:</b> 5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency - Amount as determined through adjustment	-	-	-
3.6	<b>Amount Payable under REPO:</b> - Carrying Value	-	-	-
3.7	<b>Repo adjustment:</b> <b>In the case of financier/purchaser,</b> the total amount receivable under Repo less the 110% of the market value of underlying securities. <b>In the case of finance/seller,</b> the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser. - Amount as determined through adjustment	-	-	-
3.8	<b>Concentrated proprietary positions:</b> - 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 - Amount as determined through adjustment	-	-	-
3.9	<b>Opening Positions in futures and options:</b> <b>i.</b> In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts <b>ii.</b> In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	<b>Short sell positions:</b> <b>i.</b> In case 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 <b>ii.</b> In case of proprietary 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	<b>Total Ranking Liabilities</b>	-	-	-
<b>Total Liquid Capital As At June 30, 2020 (1.20-2.5-3.11)</b>		<b>171,791,620</b>	<b>153,841,216</b>	<b>17,950,405</b>

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)	63,093,874
(ii) Less: Adjusted value of liabilities (serial number 2.6)	45,143,469
(iii) Less: Total ranking liabilities (serial number 3.11)	-
	<b>17,950,405</b>

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**GENERAL INVESTMENT & SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**35 SHARES HELD IN CUSTOMERS SUB ACCOUNTS IN CENTRAL DEPOSITORY SYSTEM**

Aggregate value of customer shares held in their sub accounts in Central depository system (Assets under custody) was Rs.1,238,602,685 as at June 30, 2020 against assigned maximum custody limit of Rs.1,687,156,350 as at June 30, 2020.

**36 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

The related parties include directors, major shareholders, key management personnel, senior executives and entities over which the directors are able to exercise influence. Transaction with related parties are on arm's length basis (except for where stated else wise). Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of the related party	Nature of relationship	Transactions during the year	2020	2019
			----- Rupees -----	
Ch. Muhammad Aslam	Director	Loan received	18,628,000	-
		Transfer of shares of REIT	(14,118,180)	-
		Loan converted into share capital	(17,065,000)	-
			<u>7,043,026</u>	<u>19,598,206</u>
ISE Towers REIT Managemnt Company Limited	Associated company by virtue of common directorship	Purchase of shares	49,543,210	-

**37 CORRESPONDING FIGURES**

The preparation and presentation of these financial statements for the year ended June 30, 2020 is in accordance with requirements in Companies Act, 2017 and applicable IFRs / IAS. The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. following major reclassification and rearrangement have been made during the year:

Description	Reclassified from	Reclassified to	Balance as at June 30, 2020
Long term deposits	Other deposits	NCCPL deposit	1,200,000
Long term deposits	Other deposits	PMEX deposit	1,250,000
Liabilities	PMEX Payable	Director loan	2,500,000

**38 EVENTS AFTER REPORTING DATE**

There were no subsequent events that may require adjustment or disclosure in the financial statements as at reporting date.

**39 GENERAL**

	2020	2019
39.1 Number of persons employed	16	12
Average number employees during the year	14	12

**40 DATE OF AUTHORIZATION**

These financial statements have been authorized by the Board of Directors of the Company on 06 OCTOBER 2020

CHIEF EXECUTIVE



DIRECTOR