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Grant Thornton Anjum Rahman

Chartered Accountants

Taurus Securities Limited

For the year ended December 31, 2019

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TAURUS SECURITIES LIMITED

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Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Taurus Securities Limited** (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (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.

Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report i.e., a more specific description of the other information, such as "the directors' report," may be used to identify the other information but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in the other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is 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 have compiled 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 comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

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

Grant Thornton Anjum Rahman

Grant Thorntan Anjum Rahman
Chartered Accountants
Place: Karachi
Dated:
1 0 APR 20

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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices (the Statement) contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors (the Board) of Taurus Securities Limited for the year ended December 31, 2019.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirement of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risk.

The Rules requires the Company to place before the Audit Committee and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transactions which are not executed at arm's length priced recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended December 31, 2019.

Grant Thornton Anjum Rahman

Grant Thorntan Anjum Rahman
Chartered Accountants
Place: Karachi
Dated: 10 APR 20

Taurus Securities Limited

Financial statements
for the year ended December 31, 2019

TAURUS SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Note	2019	2018
		------------- (Rupees) -------------	
ASSETS			
Non-current assets			
Property and equipment	6	**17,829,401**	9,651,507
Intangible assets	7	**328,744**	309,448
Investment in shares of Pakistan Stock Exchange Limited	8	**-**	14,671,803
Long term deposits	9	**3,051,156**	4,402,102
Taxation - net	15	**33,939,583**	24,022,245
		55,148,884	53,057,105
Current assets			
Trade debts	10	**50,861,761**	269,249,324
Loans	11	**1,871,500**	2,161,289
Deposits and prepayments	12	**143,694,360**	91,908,861
Other receivables	13	**5,542,921**	18,152,992
Investments	14	**177,481,996**	153,427,025
Taxation - net	15	**20,451,630**	20,451,630
Cash and bank balances	16	**163,635,128**	144,278,722
		563,539,296	699,629,843
Total assets		**618,688,180**	752,686,948
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital	18.1	**400,000,000**	400,000,000
Issued, subscribed and paid-up share capital	18.2	**135,023,060**	135,023,060
Revenue reserves			
Unappropriated profits	19	**146,114,630**	157,453,154
Surplus on revaluation of investment at fair value through other comprehensive income	19	**15,704,147**	17,506,441
		161,818,777	174,959,595
Total equity		**296,841,837**	309,982,655
Non-current liabilities			
Lease liabilities	21	**6,629,508**	-
Current liabilities			
Trade and other payables	20	**180,873,449**	203,071,509
Lease liabilities	21	**4,343,386**	-
Short term running finance	22	**130,000,000**	239,632,784
		315,216,835	442,704,293
Total liabilities		**321,846,343**	442,704,293
Total equity and liabilities		**618,688,180**	752,686,948
Contingencies and commitments	23		

The annexed notes 1 to 43 and 'Annexure 1' form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER	**CHIEF EXECUTIVE OFFICER**	**DIRECTOR**

TAURUS SECURITIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		------------ (Rupees) ------------	
INCOME			
- from brokerage and commission	24	**75,886,134**	96,756,445
- from margin trading system		**14,333**	1,340,354
- from capital gain on sale of securities and units of mutual funds		**8,855,103**	13,344,542
- from dividend income		**6,279,020**	80,648
		91,034,590	111,521,989
Administrative expenses	26	**(103,269,062)**	(124,200,686)
Operating loss		**(12,234,472)**	(12,678,697)
Other income	25	**14,526,424**	11,637,001
Finance cost	27	**(3,294,128)**	(3,429,928)
LOSS BEFORE TAXATION		**(1,002,176)**	(4,471,624)
Taxation	28	**1,598,553**	(11,222,394)
PROFIT / (LOSS) FOR THE YEAR		**596,377**	(15,694,018)
Earnings/(loss) per share - basic and diluted	29	**0.04**	(1.16)

The annexed notes 1 to 43 and 'Annexure 1' form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER | **CHIEF EXECUTIVE OFFICER** | **DIRECTOR**

TAURUS SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		---------- (Rupees) ----------	
Profit/(loss) for the year		**596,377**	(15,694,018)
Other comprehensive loss for the year - net of tax			
Items that will never be reclassified to profit or loss account			
Remeasurements of investment classified as ' fair value through OCI'		**(1,802,294)**	(14,187,574)
Remeasurements of defined benefit liability	17.1.6	**(2,820,012)**	6,331,188
Related current tax charge		**817,803**	(1,836,045)
		(2,002,209)	4,495,143
Total comprehensive loss for the year		**(3,208,126)**	(25,386,449)

The annexed notes 1 to 43 and 'Annexure 1' form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER | **CHIEF EXECUTIVE OFFICER** | **DIRECTOR**

TAURUS SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

	Share capital	Revenue reserves		Total equity
		Accumulated profits	Unrealised gain / (loss) on re-measurement of investment at fair value through OCI	
	---------- (Rupees) ----------			
Balance as at January 01, 2018	135,023,060	182,154,335	31,694,015	348,871,410
Total comprehensive loss for the year				
Loss for the year ended December 31, 2018	-	(15,694,018)	-	(15,694,018)
Other comprehensive (loss)/income	-	4,495,143	(14,187,574)	(9,692,431)
	-	(11,198,875)	(14,187,574)	(25,386,449)
Transactions with owners, recorded directly in equity				
Interim cash dividend paid @ Rs. 1.00 per share (10%)	-	(13,502,306)	-	(13,502,306)
Balance as at December 31, 2018	**135,023,060**	**157,453,154**	**17,506,441**	**309,982,655**
Balance as at January 01, 2019	**135,023,060**	**157,453,154**	**17,506,441**	**309,982,655**
Adjustment from the adoption of IFRS 9 (Refer note - 10.7)	**-**	**(6,087,371)**	**-**	**(6,087,371)**
Adjustment from the adoption of IFRS 16 (Refer note - 5.2.4)	**-**	**(3,845,321)**	**-**	**(3,845,321)**
Adjusted balance as at January 01, 2019	**135,023,060**	**147,520,462**	**17,506,441**	**300,049,963**
Total comprehensive loss for the year				
Profit for the year ended December 31, 2019	**-**	**596,377**	**-**	**596,377**
Other comprehensive loss	**-**	**(2,002,209)**	**(1,802,294)**	**(3,804,503)**
	-	**(1,405,832)**	**(1,802,294)**	**(3,208,126)**
Balance as at December 31, 2019	**135,023,060**	**146,114,630**	**15,704,147**	**296,841,837**

The annexed notes 1 to 43 and 'Annexure 1' form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER **CHIEF EXECUTIVE OFFICER** **DIRECTOR**

TAURUS SECURITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		--------- (Rupees) ---------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(1,002,176)	(4,471,624)
Adjustments for:			
Depreciation on property and equipment	6	7,595,349	3,715,567
Amortisation on intangible assets	7	249,528	575,612
(Gain) / loss on disposal of property and equipment	25	(25,554)	26,384
Ijarah charges	26	2,374,853	3,168,415
Finance cost	27	3,294,128	3,429,928
Mark-up income on bank deposits and cash margin	25	(13,284,155)	(11,447,964)
Mark-up income under margin trading system		(14,333)	(1,340,354)
Defined benefit cost	17.1.5	564,128	2,302,317
Capital gain on sale of securities and units of mutual funds		(8,855,103)	(13,344,542)
Surplus on revaluation of investments classified as FVPL	25	(668,353)	(189,817)
		(8,769,512)	(13,104,454)
Net cash used in operating activities before working capital changes		(9,771,688)	(17,576,078)
Decrease / (Increase) in working capital assets:			
Trade debts		212,300,192	461,488,005
Loans and advances		289,789	(42,871)
Deposits and prepayments		719,066	(10,334,095)
Other receivables		2,937,927	(775,461)
Deposit (paid) / collected from National Clearing Company of Pakistan Limited (NCCPL) - net		(52,538,619)	58,122,967
		163,708,355	508,458,545
		153,936,667	490,882,467
Increase in working capital liabilities:			
Trade and other payables		(21,329,531)	(586,716,625)
Net cash flows used in operations		132,607,136	(95,834,158)
Income tax paid	15	(7,500,982)	(22,528,738)
Contribution paid to gratuity fund	17.1.5	(3,384,141)	224,776
Financial cost paid		(4,162,656)	(2,216,254)
		(15,047,779)	(24,520,216)
Net cash used in operating activities		117,559,357	(120,354,374)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment sold / (made) - net of purchases		9,476,059	(75,567,421)
Mark-up income on balances received		11,832,567	12,588,318
Capital expenditures	6 & 7	(5,075,582)	(3,969,838)
Proceeds from disposal of property and equipment	6.1	1,414,867	-
Net cash generated from investing activities		17,647,911	(66,948,941)
CASH FLOWS FROM FINANCING ACTIVITIES			
Ijarah rentals paid		(989,853)	(2,958,615)
Lease rentals paid		(5,228,225)	-
Dividend paid		-	(13,500,463)
Net cash used in financing activities		(6,218,078)	(16,459,078)
Net increase / (decrease) in cash and cash equivalents		128,989,190	(203,762,393)
Cash and cash equivalents at beginning of the year		(95,354,062)	108,408,331
Cash and cash equivalents at end of the year		33,635,128	(95,354,062)
Cash and cash equivalents comprise			
Cash and bank balances	16	163,635,128	144,278,722
Short term running finance	22	(130,000,000)	(239,632,784)
		33,635,128	(95,354,062)

The annexed notes 1 to 43 and 'Annexure 1' form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER | DIRECTOR

1 LEGAL STATUS AND NATURE OF BUSINESS

Taurus Securities Limited (the Company) is a public unquoted company, incorporated in Pakistan on June 27, 1993 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office of the Company is situated at 6th Floor, Progressive Plaza, Beaumont Road, Civil Lines, Karachi. It is a subsidiary of National Bank of Pakistan (the Holding Company), which holds 58.32% (2018: 58.32%) of the shareholding of the Company. The Company's principal activities are stock brokerage, investment counseling and fund placements. The Company holds a Trading Rights Entitlement Certificate (TREC) from Pakistan Stock Exchange Limited (PSEL).

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

2.1 Adoption of IFRS-9 and IFRS-16 - note 5.1 and 5.2 respectively.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan and under ijarah arrangements in accordance with IFAS - 2 - " Ijarah". The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the recognition of certain financial instruments at fair value and liabilities in respect of defined benefit obligations at present value.

3.2.1 Standards, Amendments and Interpretations to Approved Accounting Standards

- Standards, amendments and interpretations to the published standards that are relevant to the company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 9 - Financial Instruments	January 1, 2019
IFRS 16 - Leases	January 1, 2019

Refer note - 5 for the impacts of the above newly adopted financial reporting standards on the financial statements for the year ended December 31, 2019.

- Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 01, 2019 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

- Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IAS 1/IAS 8 - Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020
Various - Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 01, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 01, 2020
Various Amendments to References to the Conceptual Framework	January 01, 2020

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

- Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 17 - Insurance Contracts	January 1, 2021

3.3 Critical accounting estimates and judgments

The Company's significant accounting policies are stated in note 4. Not all of the significant policies require the management to make different, subjective or complex judgement or estimates.

Uncertainty of the policies relating to property and equipment (note 4.1), classification and valuation of investments and impairment there against, if any (note 4.6 & note 4.7), employee benefit scheme (note 4.14), provision for doubtful debts (note 4.5) and taxation (note 4.4) considered by the management critical because of their complexity, judgement and estimation involved in their application and their impact on the financial statements.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, unless otherwise stated.

4.1 Property and equipment

Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment, if any.

Depreciation is charged applying the straight line method at the rates specified in note 6 to these financial statements, which are considered appropriate to write off the cost of the assets over their useful economic lives.

Proportionate depreciation is charged in respect of additions and disposals made during the year. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to profit or loss account. Major renewals and improvements are capitalized.

Gains and losses on disposal of assets, if any, are determined by comparing the sale proceeds with the carrying values and are charged to profit or loss account.

Right-of-use assets

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of leased assets. The related obligations under the lease are accounted for as liabilities. Depreciation is charged by applying the straight line method at the rate given in respective note to the financial statements. The finance charge is calculated at the rate implicit in the lease.

4.2 Intangible assets

Intangible assets, which are stated at cost less accumulated amortization and any impairment loss, mainly represent computer software and website development.

Computer software and website development cost are recognized in the financial statements, if and only if, it is probable that the future economic benefits that are attributable to the assets will flow to the Company; and the cost of the assets can be measured reliably. These are carried at cost less accumulated amortization and impairment, if any. Amortization of computer software and website developed is charged to profit or loss account for the year on a straight line basis at the rates specified in note 6. The amortization period and the amortization method for intangible assets with finite useful are reviewed, and adjusted if appropriate, at each balance sheet date. Carrying amount of intangibles with infinite useful life are reviewed for impairment annually.

An intangible is recognized if and only if it is probable that expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of asset can be measured reliably.

4.3 Ijarah

The Company accounts for assets under ijarah arrangements in accordance with IFAS-2 "Ijarah" whereby periodic ijarah payments for such assets are recognized as an expense in profit or loss account on straight line basis over the ijarah term.

4.4 Capital work-in-progress

Capital work-in-progress are stated at cost less impairment, if any. These are transferred to specific assets as and when assets are available for use.

4.5 Taxation

Current and deferred tax is charged/reversed to the profit or loss account, except in case of items credited or charged to statement of comprehensive income, in which case it is included in statement of comprehensive income, or where applicable in equity.

Current

The charge for taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the tax base. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized to the extent that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realized.

4.6 Trade debts

Trade debts are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss (ECL).

These are recognized on the basis of 'trade date', i.e. the Company recognize trade debts for brokerage as and when such services are provided and/or as and when a deficit arise in client's account. The information maintained by the Company through its back office system is based on settlement-date convention of accounting. This information is, however, adjusted at each reporting date to arrive at the balance based on trade-date convention of accounting which is the Company's accounting policy.

4.7 Impairment

Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4.8 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value, using trade date accounting and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative instruments is taken to the profit or loss account.

4.9 Securities under repurchase / reverse repurchase agreements

Transactions of repurchase / reverse repurchase of securities and arrangements under margin trading are entered into at contracted rates for specified periods of time. These are considered to be financing transaction instead of actual sale and purchase of securities and are accounted for as follows:

Repurchase agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liability for amounts received under these agreements is included in funds under repurchase agreements. The difference between sale and repurchase price is treated as mark-up on repo transactions of quoted investments and accrued over the life of the repo agreement.

Reverse repurchase agreements

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized in the balance sheet as investments. Amounts paid under these agreements are recorded as 'Financing under reverse repo'. The difference between purchase and resale price is treated as mark-up on reverse repurchase transactions, as the case may be, and accrued over the life of the reverse repo agreement.

4.10 Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash and bank, running finance obtained to meet short term cash requirements and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.11 Revenue recognition

The Company is in the business of rendering of brokerage services. Revenue from contracts with customers is recognised when services are rendered to the customer and thereby the performance obligation is satisfied, at amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

- To determine whether to recognise revenue, the Company follows a 5-step process
- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when and as the Comapny satisfies performance obligations.

- Brokerage fee is recognised on settlement date.
- Capital gains and losses on sale of investments are recorded on the date of sale.
- Dividend income is recognised when the right to receive the dividend is
- Mark-up / interest from margin trading, reverse repurchase transactions and term deposit receipts is recognized over time.

4.12 Provision, commitments and contingencies

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation of which reliable estimate can be made.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Commitments includes the estimated amount, so far as not provided for in the financial statements, of future contractual commitments.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4.13 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Company and accordingly are not included in these financial statements.

4.14 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. However the effect of amortization is negligible.

Trade payables are recognized on the basis of 'trade date', i.e. the Company recognize trade payables for brokerage as and when such services are provided and/or as and when a surplus arise in client's account. The information maintained by the Company through its back office system is based on settlement-date convention of accounting. This information is, however, adjusted at each reporting date to arrive at the balance based on trade-date convention of accounting which is the Company's accounting policy.

4.15 Staff retirement benefits

Accounting policy of defined benefit plans is as follows:

Gratuity fund

The liability / asset recognized in the statement of financial position is the present value of defined benefit obligation at the balance sheet date less fair value of plan assets. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. While interest income and interest expense are recognized immediately in the profit or loss account.

Provident fund

Monthly contributions by the Company are expensed and recognized as payable in the statement of financial position.

4.16 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalized as part of the cost of that asset.

4.17 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and conditions as third party transactions using valuation models, as admissible, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company.

4.18 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. Financial asset is derecognized when the Company loses control of the contractual rights that comprise the financial assets or portion of financial assets, while a financial liability or part of financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and liabilities is taken to profit or loss account currently.

4.19 Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company measures the fair value using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

4.20 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.21 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the board of directors that makes strategic decision. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

4.22 Reserves

Revenue Reserve

Retained earnings includes all current and prior period retained profits. Reserves also include other components of equity which includes remeasurement of net defined benefit liability – comprises the actuarial losses from changes in demographic and financial assumptions and the return on plan assets and reserves for unrealized gain on remeasurement of available for sale financial assets and cash flow hedges – comprises gains and losses relating to these types of financial instruments.

4.23 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the year in which these are approved.

4.24 Presentation and functional currency

The financial statements have been presented in Pakistani Rupees, which is the Company's functional and presentation currency.

4.25 General

The figures have been rounded off to the nearest rupee, else otherwise stated.

5 NEW ACCOUNTING POLICIES UNDER IFRS-9 AND IFRS 16 EFFECTIVE FOR THE YEAR BEGINNING ON JANUARY 01, 2019.

During the year, the Company has adopted IFRS 9 and IFRS 16 which became applicable on January 01, 2019. This has resulted in a change in accounting policies of the Company for financial instruments and leases.

The new accounting policies for financial instruments and leases are as follows:

5.1 IFRS 9 - Financial Instruments - Initial recognition and subsequent measurement

5.1.1 Initial recognition

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

5.1.2 Classification of financial assets

From January 01, 2019, the Company classifies its financial instruments in the following categories:
- at fair value through profit or loss ("FVPL")
- at fair value through other comprehensive income ("FVOCI"), or
- at amortized cost.

The Company determines the classifications of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVOCI:

- the financial asset is held within a business model whose objective achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVPL.

5.1.3 Classification of financial liabilities

From January 01, 2019, the Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVPL"), or

- at amortized cost

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

5.1.4 Subsequent measurement

i) Financial assets at FVOCI

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

ii) Financial assets and liabilities at amortized cost

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

iii) Financial assets and liabilities at FVPL

Financial assets and liabilities carried at FVPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of financial assets and liabilities held at FVPL are included in the statement of profit or loss in the period in which they arise.

Where the management has opted to recognise a financial liability at FVPL, any changes associated with the Company's own credit risk will be recognised in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVPL.

5.1.5 Impairment of financial assets

From January 01, 2019, the Company assesses on a forward looking basis, the expected credit losses associated with the debt instruments carried at amortized cost and FVOCI at an amount equal to life time ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determine to have low credit risk at the reporting date, in which case twelve months' ECL is recorded. The following were either determine to have low or there was no credit risk since initial recognition and at the reporting date:

- bank balances;
- long term deposits;
- trade deposits; and
- other receivables.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve months ECLs are portion of ECL that result from default events that are possible within twelve months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash short falls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in entirety or a portion thereof.

5.1.6 Derecognition

i) Financial assets

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

ii) Financial liabilities

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

5.1.7 Off-setting of financial assets and liabilities

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

5.1.8 Impact of IFRS 9 - Financial instrument

The Company adopted IFRS 9 Financial Instruments on its effective date of January 01, 2019. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting.

In respect of retrospective application of IFRS 9, the Company has adopted modified retrospective approach as, permitted by this standard, according to which the Company is not required to restate the prior year results. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Company's financial assets and financial liabilities as at January 01, 2019:

Financial assets	Note	IAS 39 classification	IAS 39 Measurement	IFRS 9 Classification	IFRS 9 Measurement	Effect on opening Retained Earnings
			--------Rupees--------			
January 01, 2019						
Long term investment	8	Available for sale	14,671,803	FVOCI	14,671,803	-
Long term deposits	9	Loans and receivable	4,402,102	Amortised Cost	4,402,102	-
Trade debts	10	Loans and receivable	269,249,324	Amortised Cost	263,161,953	6,087,371
Trade deposits	12	Loans and receivable	91,908,861	Amortised Cost	91,908,861	-
Other receivables	13	Loans and receivable	18,152,992	Amortised Cost	18,152,992	-
Short term investments	14	Held for trading	146,138,385	FVPL	146,138,385	-
Short term investments	14	Available for sale	7,288,640	FVOCI	7,288,640	-
Cash and bank balances	16	Loans and receivable	144,278,722	Amortised Cost	144,278,722	-

5.2 IFRS 16 - Leases

IFRS 16 supersedes the current guidance in IAS 17, under which it is required to make a distinction between a finance leases (on balance sheet) and an operating lease (off balance sheet). IFRS 16 requires to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts.

The Company has applied IFRS 16 using modified retrospective to transition.

Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The RoU asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

The Company has adopted modified retrospective approach for transition to IFRS 16, accordingly the Company elected not to restate the comparative figures and not to adjust the opening unappropriated profit.

5.2.1 Summary of new accounting policies in respect of adoption of IFRS 16

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

5.2.2 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight- line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

5.2.3 Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The company has obtained ijarah financing of vehicles as a lessee under IFAS-2, therefore Company has not adopted IFRS-16 on such financing.

5.2.4 Impact of IFRS 16 - Leases

The effect of adoption of IFRS 16 as at January 01, 2019 is as follows:

	Note	January 1, 2019 ----- Rupees----
Increase in right-of-use assets	6	12,355,798
Decrease in prepayments		(1,440,308)
Increase in total assets		10,915,490
Increase in lease liability against assets subject to finance lease		(14,760,811)
Effect on opening retained earnings		**(3,845,321)**

6 PROPERTY AND EQUIPMENT - OPERATING FIXED ASSETS

	2019							
	OWNED						ROUA	
	Vehicles	*Building	Furniture and Fixtures	Office Equipment	Computer equipment	Subtotal	Building	Total
	(Rupees)							
Cost								
As at January 01, 2019	9,454,283	1,591,000	6,084,818	7,516,131	13,001,062	37,647,294	-	37,647,294
Adjustment on transition to IFRS 16	-	-	-	-	-	-	12,355,798	12,355,798
Additions	4,485,779	-	-	101,590	219,389	4,806,758	-	4,806,758
Disposals	(2,883,481)	-	-	-	(564,565)	(3,448,046)	-	(3,448,046)
As at December 31, 2019	11,056,581	1,591,000	6,084,818	7,617,721	12,655,886	39,006,006	12,355,798	51,361,804
Accumulated depreciation								
As at January 01, 2019	(3,904,428)	(716,386)	(4,772,513)	(6,358,204)	(12,244,256)	(27,995,787)	-	(27,995,787)
Depreciation for the year	(2,489,059)	(79,550)	(182,440)	(479,479)	(632,658)	(3,863,186)	(3,732,163)	(7,595,349)
Disposals	1,494,168	-	-	-	564,565	2,058,733	-	2,058,733
As at December 31, 2019	(4,899,319)	(795,936)	(4,954,953)	(6,837,683)	(12,312,349)	(29,800,240)	(3,732,163)	(33,532,403)
Net Book Value	6,157,262	795,064	1,129,865	780,038	343,537	9,205,766	8,623,635	17,829,401
Rate of depreciation (%)	20	5	10	20	33		33	

* The rights to occupy room no. 618 at Pakistan Stock Exchange building were acquired through Lease and License agreement for the purpose of the Company's business. The Pakistan Stock Exchange Limited as the lessee of the building has sub-leased the said room in favour of the Company.

	2018							
	OWNED					Sub total	ROUA	Total
	Vehicles	*Building	Furniture and fixtures	Office equipment	Computer equipment		Building	
	(Rupees)							
Cost								
As at January 1, 2018	7,027,283	1,591,000	5,473,361	7,129,305	12,794,558	34,015,507	-	34,015,507
Additions	2,593,900	-	611,457	414,091	206,504	3,825,952	-	3,825,952
Disposals	(166,900)	-	-	(27,265)	-	(194,165)	-	(194,165)
As at December 31, 2018	9,454,283	1,591,000	6,084,818	7,516,131	13,001,062	37,647,294	-	37,647,294
Accumulated depreciation								
As at January 1, 2018	(2,275,049)	(636,836)	(4,604,768)	(5,748,612)	(11,182,736)	(24,448,001)	-	(24,448,001)
Depreciation for the year	(1,796,279)	(79,550)	(167,745)	(610,473)	(1,061,520)	(3,715,567)	-	(3,715,567)
Disposals	166,900	-	-	881	-	167,781	-	167,781
As at December 31, 2018	(3,904,428)	(716,386)	(4,772,513)	(6,358,204)	(12,244,256)	(27,995,787)	-	(27,995,787)
Net Book Value	5,549,855	874,614	1,312,305	1,157,927	756,806	9,651,507	-	9,651,507
Rate of depreciation (%)	20	5	10	20	33		33	

* The rights to occupy room no. 618 at Pakistan Stock Exchange building were acquired through Lease and License agreement for the purpose of the Company's business. The Pakistan Stock Exchange Limited as the lessee of the building has sub-leased the said room in favour of the Company.

6.1 Following items of property and equipment were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	(Loss)	Particulars of buyer	Mode of disposal
	(Rupees)						
Vehicles							
Honda City	1,673,720	1,460,034	213,686	213,686	-	Sohail Siddiqi	Company's policy
Toyota Gli	808,761	-	808,761	808,761	-	Feroz Ahmed	Company's policy
Toyota Xli	331,500	28,155	303,345	303,345	-	Khurram Rasheed	Company's policy
Honda M/Cycle	69,500	5,979	63,521	59,075	(4,446)	Theft	Insurance Claim
Computer Equipments	564,565	564,565	-	30,000	30,000		Scrap Sale
	3,448,046	**2,058,733**	**1,389,313**	**1,414,867**	**25,554**		

7 INTANGIBLE ASSETS

7.1 Computer softwares

2019

Cost: Opening	Cost: Additions/ (Deletions)	Cost: Closing	Rate	Accumulated amortization: Opening	Accumulated amortization: Charge for the year	Accumulated amortization: Closing	*Net Book Value*
(Rupees)							
7,821,067	**268,824**	**8,089,891**	**33%**	**7,511,619**	**249,528**	**7,761,147**	**328,744**

2018

Cost: Opening	Cost: Additions/ (Deletions)	Cost: Closing	Rate	Accumulated amortization: Opening	Accumulated amortization: Charge for the year	Accumulated amortization: Closing	*Net Book Value*
(Rupees)							
7,677,181	143,886	7,821,067	33%	6,936,007	575,612	7,511,619	309,448

8 INVESTMENT IN SHARES OF PAKISTAN STOCK EXCHANGE LIMITED - FVOCI

	Note	As at December 31, 2019	2018
		(Rupees)	
Carrying Value		**4,400,000**	4,400,000
Cost of shares transferred to short term investment - FVOCI	14	**(4,400,000)**	(1,432,194)
Surplus on re-measurement to fair value		**-**	11,703,997
Investment in shares of Pakistan Stock Exchange Limited	8.1	**-**	14,671,803

8.1 This represents shares of Pakistan Stock Exchange Limited (PSX) acquired in pursuance of corporatization and demutualization of PSX as a public company limited by shares.

9 LONG TERM DEPOSITS

	Note	As at December 31, 2019	2018
		------------ (Rupees) ------------	
Security deposits against rental property		**342,498**	342,498
National Clearing Company of Pakistan Limited (NCCPL)	9.1	**1,400,000**	1,300,000
Security deposits - against asset acquired under ijarah agreement		**1,156,400**	2,541,400
Other deposits		**152,258**	218,204
		3,051,156	4,402,102

9.1 This represent deposit with NCCPL for trading in ready and future market.

10 TRADE DEBTS

	Note	As at December 31, 2019	2018
		------------ (Rupees) ------------	
Secured, considered good			
Due from clients against trading of securities		**11,136,575**	4,308,086
Due from associated companies / persons against trading of securities		**3,138,621**	1,390,720
		14,275,196	5,698,806
Unsecured, considered good		**22,196,084**	214,676,285
Unsecured, considered doubtful		**3,278,207**	3,278,207
	10.1	**25,474,291**	217,954,492
	10.4	**39,749,487**	223,653,298
Secured, considered good			
Due from National Clearing Company of Pakistan Limited against trading	10.5	**20,475,354**	48,874,233
Trade debts - gross		**60,224,841**	272,527,531
Allowance for expected credit loss	10.7	**(9,363,080)**	(3,278,207)
Trade debts - net		**50,861,761**	269,249,324

10.1 This represents receivable from institutional delivery system (IDS) clients and non-IDS clients operating under Delivery versus payment (DVP) mode. Receivable from IDS Clients includes commission only, while receivable from non-IDS clients comprise of commission and trading receivable. Further, subsequent to the year-end, the Company has collected significant portion of the amount presented as un-secured.

10.2 The Company holds securities having value of Rs. 741,489,912 (2018: Rs. 940,768,076) in its sub-accounts for its clients within the Central Depository System of the Central Depository Company of Pakistan Limited. Securities beneficially held by the Company's clients pledged with the Pakistan Stock Exchange Limited are Nil (2018: Nil).

10.3 The age analysis of the trade debts required under the Securities Brokers (Licensing and Operations) Regulations, 2016 is as under:

	Note	As at December 31, 2019	2018
		------------- (Rupees)	-------------
Due from NCCPL against unsettled trades		**20,475,354**	48,874,233
Due from clients against trades of last 5 days		**14,818,964**	210,086,779
		35,294,318	258,961,012
Due from clients, outstanding for more than 5 days:			
-against trading	10.3.1	**24,930,523**	13,566,519
Trade debts - gross		**60,224,841**	272,527,531

10.3.1 This comprises of secured receivables of Rs. 7,476,611 (2018: Rs. 3,623,298) and unsecured receivables of Rs. 17,453,912 (2018: Rs. 9,943,221).

10.4 Gross receivable under settlement date basis is Rs. 39,749,487 (2018: Rs. 223,653,298), whereas gross receivable under trade date basis is Rs. 60,224,841 (2018: Rs. 272,527,531). The Company updates ledger balance of the client once it receives the amount from NCCPL. The Company however provides in ordinary course of business trading limits based on the value of ledger balance adjusted for collateral solds and securities held by its clients.

10.5 This includes unsettled receivable amounting to Rs. Nil (2018: Rs. 194,170,150) in respect of propriety trading.

10.6 Gross amount of receivables overdue by more than 14 days amounts to Rs. 21,325,032 (2018: Rs. 12,028,588). The Company holds securities having value of Rs. 5,797,337 (2018: Rs. 3,209,462) against these receivables.

	2019	2018
	------------- (Rupees)	-------------
10.7 Movement in allowance for expected credit loss		
Allowance as at January 01,	**3,278,207**	3,278,207
Adjustment from the adoption of IFRS 9	**6,087,371**	-
Adjusted allowance as at January 01,	**9,365,578**	3,278,207
Reversal for the year	**(2,498)**	-
Allowance as at December 31,	**9,363,080**	3,278,207

10.7.2 The Company assessed on a forward looking basis, the expected credit losses (ECLs) associated with Trade debts and measured loss allowance for trade debts at an amount equal to life time ECLs.

11 LOANS

Secured - considered good			
Executives		**847,500**	1,696,164
Employees (other than executives)		**1,024,000**	465,125
	11.1	**1,871,500**	2,161,289

11.1 This represents interest-free loans to executives and employees whose recovery is made in 12 equal monthly installments. The facility is secured against retirement benefits of the respective executives and employees.

12 DEPOSITS AND PREPAYMENTS

		As at December 31,	
		2019	2018
	Note	------------ (Rupees)	------------
Prepayments	12.1	**2,378,708**	4,031,828
Deposit - Pakistan Stock Exchange Limited	12.2	**11,100,000**	11,500,000
Deposit - National Clearing Company of Pakistan Limited- (NCCPL)	12.3	**130,215,652**	76,377,033
		143,694,360	91,908,861

12.1 This includes prepaid insurance and prepaid against repairs and maintenance amounting to Rs. 1,491,442 (2018: 1,275,223) and Rs. 762,389 (2018: 510,223) respectively.

12.2 This represents deposit maintained by the Company against Base Minimum Capital, as a broker, with the PSX for its eligibility to trade through the Exchange Trading Systems to be calculated / prescribed as per Schedule I to Chapter 19 of the PSX Rule Book.

12.3 This represents deposits maintained with NCCPL in respect of future, ready and margin trading transactions.

13 OTHER RECEIVABLES

		As at December 31,	
		2019	2018
	Note	------------ (Rupees)	------------
Accrued interest income on savings accounts		**1,815,921**	350,000
Receivable against future contracts - surplus on revaluation of investment through profit or loss account		**-**	11,138,065
Receivable under gratuity scheme	17.1.2	**3,511,170**	6,331,188
Others		**215,830**	333,739
		5,542,921	18,152,992

14 INVESTMENTS

Fair value through OCI - in shares	14.1	**20,158,149**	7,288,640
Fair value through OCI - in mutual funds	14.3	**54,432,297**	-
Fair value through profit or loss - in shares	14.4	**102,891,550**	146,138,385
		177,481,996	153,427,025

14.1 Fair value through OCI

14.1.1 Details of investment in listed shares

2019	2018	Name of investee	Note	2019		2018	
Number of Shares				Cost	Market Value	Cost	Market Value
				-------------------------(Rupees)-------------------------			
		INVESTMENT COMPANY					
13,400	13,400	Jahangir Siddiqui & Company Limited	14.1.2	**752,426**	**153,296**	752,426	208,370
1,602,953	521,759	Pakistan Stock Exchange Limited	8	**4,400,000**	**20,004,853**	1,432,194	7,080,270
				5,152,426	**20,158,149**	2,184,620	7,288,640
		Provision for impairment in value of investments		**(698,424)**		(698,424)	
		Surplus on re-measurement of investments		**15,704,147**		5,802,444	
		Carrying value		**20,158,149**	**20,158,149**	7,288,640	7,288,640

14.1.2 This represents shares acquired from National Clearing Company of Pakistan Limited (NCCPL), under the CFS MK-II square up scheme (the scheme) signed up by the Company with NCCPL, on December 28, 2008. Under the provisions of the scheme, the Company as Financer had purchased 30% of the shares financed under CFS MK-II, and the remaining 70% had been received in cash from NCCPL after completion of the squaring up process, as full and final settlement of all amounts receivable to the Company, as Financer, against open CFS-II release transaction and shares of PSX transferred from long term investment to short term investment.

14.2 Movement in unrealized gain / (loss) on FVOCI - net

	As at December 31,	
	2019	2018
	------------- **(Rupees)** -------------	
Balance as on January 1,	**17,506,441**	31,694,015
Deficit on remeasurement of investment	**(1,802,294)**	(14,187,574)
Balance as on December 31,	**15,704,147**	17,506,441

14.3 Details of investment in mutual funds

2019	2018	Name of investee	Note	2019		2018	
Number of Units				Cost	Market Value	Cost	Market Value
				-------------------------(Rupees)-------------------------			
5,334,094	-	NBP Fund Management Limited		**53,879,559**	**54,432,297**	-	-
				53,879,559	54,432,297	-	-

14.4 Fair value through profit or loss

2019	2018	Name of investee	2019		2018
Number of shares			Cost	Market value	Market value
			(Rupees)		
		TEXTILE COMPOSITE			
25,000	29,500	Nishat Mills Limited	2,574,492	2,653,500	3,732,635
59,000	-	Nishat (Chunian) Limited	2,391,384	2,516,350	-
		CHEMICAL			
29,000	47,000	Lotte Chemical Pakistan PTA Limited	404,820	406,580	793,830
		ENGINEERING			
	504,500	Aisha Steel Mills Limited.	-	-	5,297,250
62,500	154,500	International Steels Limited.	3,611,111	3,618,125	10,161,465
		REFINERY			
57,500	30,000	Attock Refinery Limited	6,403,710	6,422,175	4,425,600
		CABLE & ELECRICAL GOODS			
-	99,500	Pak Elektron Limited	-	-	2,477,550
		FERTILIZER			
-	3,500	Engro Corporation Limited	-	-	1,018,780
-	381,500	Engro Fertilizer Limited	-	-	26,342,575
26,500	-	Fauji Fertilizer Company Limited	2,697,020	2,688,955	-
		TECHNOLOGY & COMMUNICATION			
809,000	187,000	TRG Pakistan Limited	17,942,054	19,860,950	4,170,100
		CEMENT			
-	382,000	Fauji Cement Company Limited	-	-	7,995,260
-	162,500	Maple Leaf Cement Factory Limited	-	-	6,605,625
-	500	Pioneer Cement Limited	-	-	20,955
-	347,000	D. G. Khan Cement Company Ltd	-	-	27,812,050
		POWER GENERATION & DISTRIBUTION			
78,000	-	Hub Power Company Limited	6,927,854	7,281,300	-
320,000	-	K-Electric Limited	1,314,316	1,398,400	-
		OIL AND GAS			
327,500	-	Pak Petroleum Limited	44,019,146	44,913,350	-
2,000	-	Oil & Gas Development Company Ltd	276,528	284,640	-
		VANASPATI & ALLIED INDUSTRIES			
131,500	500.00	Unity Foods Limited	1,888,904	2,118,465	12,865
		BANK			
562,000	830,000	Bank of Punjab	6,499,895	6,367,460	9,935,100
15,000	104,500	Habib Bank Limited	2,407,841	2,361,300	12,587,025
-	185,500	United Bank Limited	-	-	22,749,720
			99,359,075	102,891,550	146,138,385
		Surplus on re-measurement to fair value	3,532,475		
		Carrying value	102,891,550		

14.4.1 All of the above shares have been sold under futures contracts. The total value of the contract amounting to Rs. 100,583,580 (2018: Rs. 158,697,415), corresponding unrealized gain amounting to Rs. 115,615 (2018: Rs. 189,817).

	As at December 31, 2019	2018
	(Rupees)	
Unrealized gain/(loss) on re-measurement to fair value - ready market	3,532,475	(10,948,248)
Unrealized loss/(gain) on re-measurement to fair value - future market	(3,416,860)	11,138,065
	115,615	189,817
Unrealized gain on investment of mutual funds	552,738	-
Unrealized gain on investment	668,353	189,817

14.4.2 Securities beneficially held by the Company, amounting to Rs. 177,328,700 (2018: Rs. 153,218,655) are pledged with the Pakistan Stock Exchange Limited.

14.4.3 The Company holds 81,667 (2018: 81,667) shares which were purchased by the Company on behalf of the customers. The owners of such shares are untraceable and these shares are unclaimed. 68,675 (2018: 68,675) shares are placed in an account blocked by Central Depository Company of Pakistan Limited (CDC). The matter has already been referred to CDC and on resolution, these shares shall be transferred to the appropriate account accordingly. The details of these shares are disclosed in Annexure 'I'.

14.4.4 Investment eligible for Net Capital Balance amounts to Rs. 150,859,697 (2018: Rs. 130,412,917) as reduced by haircut amounting to Rs. 26,622,300 (2018: Rs. 23,014,054).

15 TAXATION - net

	Note	As at December 31, 2019	2018
		------------ (Rupees) ------------	
Opening balance		**44,473,875**	35,003,574
Provision for taxation			
- recognized in profit or loss account	28	**(3,543,917)**	(11,222,394)
- recognized in profit or loss account for prior years		**5,142,470**	-
- recognized in other comprehensive income		**817,803**	(1,836,043)
Advance tax paid during the year		**7,500,982**	22,528,738
Closing balance - total		**54,391,213**	44,473,875
Less: applied for refund		**(20,451,630)**	(20,451,630)
Closing balance - non-current portion		**33,939,583**	24,022,245

15.1 Workers Welfare Fund is not applicable since the Company is not an industrial establishment as defined under 'Sindh Worker's Welfare Fund Act, 2014.

15.2 Deferred taxation

	Note	As at December 31, 2019	2018
		------------ (Rupees) ------------	
Deferred tax arising in respect of:			
Taxable temporary differences:			
Accelerated tax depreciation allowance		**(565,375)**	(63,704)
Accelerated tax amortization allowance		**1,737**	1,065
		(563,638)	(62,639)
Deductible temporary differences:			
Allowance for expected credit loss		**(2,715,293)**	(983,462)
Surplus on revaluation of investment at FVOCI		**193,822**	56,945
		(2,521,471)	(926,517)
Unrecognized deferred tax asset		**(3,085,109)**	(989,156)

15.2.1 The Company has not recognised above deferred tax asset due to frequent amendments in Income Tax Ordinance, 2001 relating to taxation of brokerage income. The brokerage income of the Company is now taxable under normal tax regime which previously fell in final tax regime.

16 CASH AND BANK BALANCES

	Note	As at December 31, 2019	2018
		------------ (Rupees) ------------	
Cash at bank			
Saving accounts	16.1 & 16.2	**160,194,460**	140,714,295
Current accounts	16.3	**3,412,219**	3,534,082
		163,606,679	144,248,377
Cash in hand		**28,449**	30,345
		163,635,128	144,278,722

16.1 Saving accounts carry profit rate 8.50% to 11.50% per annum (2018: 6.75% to 8.50% per annum).

16.2 Saving accounts include Rs. 147,257,854 (2018: 134,107,306) pertaining to the clients of the Company for which the Company has maintained separate accounts with various schedule banks.

16.3 Balances held with associated undertakings in current and savings accounts amount to Rs. 1,913,067 (2018: Rs. 1,951,758) and Rs. 11,700,709 (2018: Rs. 29,222,142), respectively.

17 EMPLOYEE BENEFITS

17.1 Gratuity fund

As disclosed in note 4.14 to these financial statements, the Company operates an approved gratuity fund for its permanent employees who have completed their minimum qualifying period of service with the Company. The Company determines the defined obligation through actuarial valuations carried out under the projected unit credit method. The latest actuarial valuation was carried out as at December 31, 2019. The following notes from 17.1.1 to 17.1.8 are based on the information included in that actuarial report.

17.1.1 Actuarial assumptions

	Note	As at December 31, 2019	2018
		(Rupees)	
Financial assumptions			
Discount rate		**11.25%**	13.25%
Expected rate of increase in salaries		**6%**	6%
Demographic assumptions			
Mortality rates (for death in service)		**LIC 94-96, Rated down 3 years for females**	LIC 94-96, Rated down 3 years for females
Rates of employee turnover		**2% per annum upto age 40, Nil thereafter**	2% per annum upto age 40, Nil thereafter

17.1.2 Reconciliation of (receivable) / payable to defined benefit plan

	Note	2019	2018
Present value of defined benefit obligation	17.1.3	**16,042,733**	13,375,731
Fair value of plan assets	17.1.4	**(19,553,910)**	(19,706,919)
Net asset		**(3,511,177)**	(6,331,188)

17.1.3 Movement in present value of defined benefit obligation

	2019	2018
Opening obligation	**13,375,731**	16,976,111
Expense for the year	**3,257,300**	3,641,389
Benefits paid during the year	**(1,987,405)**	(50,760)
Actuarial loss / (gain) on remeasurement of defined benefit obligation	**1,397,107**	(7,191,009)
Closing obligation	**16,042,733**	13,375,731

17.1.4 Movement in fair value of plan assets

	2019	2018
Fair value of plan assets at beginning of the year	**19,706,919**	13,172,024
Expected return on plan assets	**2,693,172**	1,339,072
Actual contribution by employer	**564,128**	6,106,410
Actual benefits paid during the year	**(1,987,405)**	(50,760)
Actuarial loss on remeasurement of fair value of plan assets	**(1,422,904)**	(859,827)
Fair value of plan assets at end of the year	**19,553,910**	19,706,919

	Note	As at December 31, 2019	2018
		----------- (Rupees) ----------	
17.1.5 Movement in net defined benefit liability			
Net liability at beginning of year		**(6,331,188)**	3,804,087
Net periodic benefit cost for the year		**564,128**	2,302,317
Employer's contribution during the year		**(564,128)**	(6,106,410)
Remeasurement recognized in other comprehensive income	17.1.6	**2,820,011**	(6,331,182)
Net (assets) / liability at end of year		**(3,511,177)**	(6,331,188)

17.1.6 Defined benefit cost for the year

	2019	2018
Cost recognized in profit or loss account for the year:		
Current service cost	**1,288,576**	1,868,540
Interest cost on defined benefit obligation	**1,968,724**	1,772,849
Interest income on plan assets	**(2,693,172)**	(1,339,072)
Net interest cost	**(724,448)**	433,777
	564,128	2,302,317
Remeasurements recognized in other comprehensive income during the year:		
Re-measurements: Actuarial (gain) / loss on obligation:		
Loss/(Gain) due to change in experience adjustments	**1,397,107**	(7,191,009)
Actuarial (gain) / loss on obligation	**1,397,107**	(7,191,009)
Re-measurements: Net return on plan assets over interest income:		
Actual return on plan assets	**(1,270,268)**	(479,245)
Interest income on plan assets	**2,693,172**	1,339,072
Actuarial loss on plan assets	**1,422,904**	859,827
	2,820,011	(6,331,182)
Total defined benefit (cost) / income for the year	**3,384,139**	(4,028,865)

17.1.7 Composition of fair value of plan assets

	2019	2018
Cash and cash equivalents	**19,553,910**	19,706,919

17.1.8 Maturity profile of the defined benefit obligation

	2019	2018
	------------Years------------	
Weighted average duration of the defined benefit obligation	**11.12**	9.53
Distribution of timing of benefit payments (in years)	-----Percent per annum-----	
1	**9.8**	5.5
2	**0.7**	6.0
3	**0.8**	0.9
4	**0.8**	0.9
5	**0.9**	1.0
6-10	**15.7**	12.7
11-15	**51.9**	55.6
16-20	**15.7**	14.1
20+	**3.6**	3.3

	As at June 30, 2019 (Audited)	As at June 30, 2018 (Audited)
17.2 Provident fund	---------- (Rupees)	----------
Net assets of the fund	**10,049,589**	8,727,978
Cost of investments	**9,200,737**	8,608,744
Cost of investment / net assets of the fund	**91.55%**	98.63%
Fair value of investments	**9,200,737**	8,608,744
Break-up of investments of provident fund		
Cash at Bank	**9,200,737**	8,608,744

Investments out of provident fund have been made in accordance with the provisions of the section 218 of Companies Act, 2017 and the rules formulated for this purpose.

17.2.1 Number of members

The number of members of the fund as at December 31, 2019 are 59 (2018: 52).

18 SHARE CAPITAL

18.1 Authorized share capital

As at December 31, 2019 (Number of shares)	As at December 31, 2018 (Number of shares)		Note	As at December 31, 2019 (Rupees)	As at December 31, 2018 (Rupees)
40,000,000	40,000,000	Ordinary shares of Rs. 10 each		**400,000,000**	400,000,000

18.2 Issued, subscribed and paid-up share capital

2019	2018		2019	2018
13,502,306	13,502,306	Ordinary shares of Rs. 10 each fully paid in cash	**135,023,060**	135,023,060

18.3 Pattern of shareholding of the Company is as follows:

	Note	Number of shares	Percentage of holding (%)
National Bank of Pakistan (Holding Company)	18.3.1	**7,875,002**	58.32
The Bank of Khyber (Associated Company)		**4,050,374**	30.00
Saudi Pak Industrial and Agricultural Investment Company Ltd.		**1,125,001**	8.33
The Bank of Khyber - Employees Gratuity Fund		**449,627**	3.33
Other shareholders		**2,302**	0.02
		13,502,306	100.00

18.3.1 National Bank of Pakistan (Holding Company) was incorporated in Pakistan under the National Bank Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). Its registered and head office is situated at I. I. Chundrigar Road, Karachi. The Holding Company is engaged in providing commercial banking and related services in Pakistan and overseas. The Holding Company also handles treasury transactions for the Government of Pakistan (GoP) as an agent of State Bank of Pakistan (SBP). The Holding Company also provides services in respect of Endowment Fund for student loans scheme.

		As at December 31, 2019	As at December 31, 2018
19 RESERVES	**Note**	---------- (Rupees)	----------
Revenue reserves			
Accumulated profits		**146,114,630**	157,453,154
Surplus on revaluation of investment at fair value through other comprehensive income		**15,704,147**	17,506,441
		161,818,777	174,959,595

20 TRADE AND OTHER PAYABLES

	Note	2019	2018
Trade creditors			
Due to clients against trading of securities		**141,016,433**	129,902,648
Due to associated companies/persons against trading of securities		**808,037**	436,226
Due to clients against unsettled trades		**16,355,499**	60,075,055
Amounts allocated subsequent to balance sheet date:			
- Receipts from clients		**3,827,779**	2,052,031
- Mark-up payable to clients		**1,605,605**	1,716,401
	20.1	**163,613,353**	194,182,361
Accrued and other liabilities		**12,860,646**	5,194,418
Payable under gratuity scheme	17.1.2	**-**	-
Salaries, benefits and allowances payable		**3,040,232**	1,500,000
Income and sales taxes payable		**789,118**	756,102
Accrued markup		**558,254**	1,426,782
Dividend payable		**11,846**	11,846
		180,873,449	203,071,509

20.1 The above balance of Rs. 163,613,353 (2018: Rs. 194,182,361) has been reported under trade date basis while the balance under settlement date basis amounting to Rs. 141,824,470 (2018: Rs. 130,338,874). Trade creditors outstanding for more than 30 days amounts to Rs. 92,539,262 (2018: Rs. 79,480,815). The Company updates ledger balance of the client once it receives the amount from NCCPL. The Company however provides in ordinary course of business trading limits based on the value of ledger balance adjusted for collateral solds and securities held by its clients.

21 LEASE LIABILITIES

	As at December 31, 2019	As at December 31, 2018
	---------- (Rupees)	----------
Lease liabilities are presented in the statement of financial position as follows:		
Current	**4,343,386**	-
Non-current	**6,629,508**	-
	10,972,894	-

22 SHORT TERM RUNNING FINANCE

Company has a running finance facility upto Rs. 240 million (2018: Rs. 240 million) obtained from National Bank of Pakistan (Holding company) which is secured against first pari passu charge by way of hypothecation over all present and future receivables, books debts, claims and rights of the Company. The mark-up is payable quarterly. During the year, mark-up structure of the facility was on floating rate which is KIBOR plus 2.5% (based on timely payment rebate ranges from 0.5% to 0.1%) per annum [2018: KIBOR plus 2.5% (based on timely payment rebate ranges from 0.5% to 0.1%) per annum].

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

Tax Department issued notice alleging non-payment of Federal Excise Duty [FED] on Company's services under Federal Excise Act, 2005 for tax years 2010 to 2013. In response thereto, an extension request was filed. The Department however issued an order raising demand of Rs. 18.603 million. The said demand represents duplicate levy of FED on services on which sales tax has already been paid under the Sindh Sales Tax on Services Act, 2011. An appeal / stay application has already been filed before Commissioner Inland Revenue - Appeals [CIR(A)], which has been decided order dated March 22, 2016, where the CIRA has upheld the order of the DCIR presuming that if the Sindh Revenue Board has started charging sales tax on the same services, the provision for charging FED is to be treated as redundant or superfluous; these are two separate and distinct taxes be imposed by two different legislative bodies. Appeal against same is pending before ATIR. Further, the Company has challenged the order on constitutional grounds before the Hon'ble Sindh High Court (SHC) along with Stockbrokers' Association wherein the Honorable SHC has strike down levy of FED on constitutional grounds.

Being aggrieved, the Department has challenged the said order before Honorable Supreme court hearing of which is not fixed till to date.

	As at December 31,	
23.2 Commitments	**2019**	2018
	------------ (Rupees) ----------	
23.2.1 For sale of quoted securities under future contracts against counter commitments	**100,583,580**	158,697,415

23.2.2 Ijarah Agreement

The Company has obtained vehicles under Ijarah agreement for a period of four years from Orix Modaraba. Financial charges included in rentals are determined on the basis of discount factor applied at the rate of six months KIBOR plus 3.25% per annum (2018: KIBOR plus 3.25% per annum). The total Ijarah payments under ijarah are as follows:

	As at December 31,	
	2019	2018
	----------- (Rupees) -----------	
Not later than one year	**1,505,772**	2,348,412
Later than one year and not later than five years	**627,405**	2,500,653
	2,133,177	4,849,065

Had these asset been recognized in these financial statements, net book value of these would have been as under:

	Note	As at December 31, 2019	2018
		---------- (Rupees) ----------	
Cost		**7,674,500**	13,746,000
Accumulated depreciation		**(5,254,280)**	(6,259,138)
		2,420,220	7,486,862

24 BROKERAGE AND COMMISSION

	Note	2019	2018
From corporate clients		**48,398,301**	67,831,738
From individuals clients		**27,487,833**	28,924,707
	24.1	**75,886,134**	96,756,445

24.1 Brokerage and Commission is inclusive of Sindh sales tax on services amounting to Rs. 9,550,605 (2018: Rs. 12,372,382).

	Note	As at December 31, 2019	2018
		---------- (Rupees) ----------	
24.2 Equity Brokerage (Turnover)			
Local Corporate Clients Trades		**36,996,611,636**	65,155,415,787
Individuals Client Trades		**16,471,651,690**	17,880,181,599
Proprietary Trades		**2,423,070,622**	4,315,388,730
	24.2.1	**55,891,333,948**	87,350,986,116

24.2.1 This comprises of ready and futures market turnover amounting to Rs. 54,764,460,807 (2018: 83,803,187,859) and Rs. 1,126,873,140 (2018: 3,547,798,257) respectively.

24.3 Turnover, representing both selling and buying, of marketable securities for and on behalf of National Bank of Pakistan amounted to Rs. 2,495,352,538 (2018:Rs. 1,767,008,737); for and on behalf of the Bank of Khyber, First Credit Investment Bank Limited, First National Bank Modaraba and NAFA Funds (associated entities) amounted to Rs.3,328,471,576 (2018: Rs. 4,035,708,424); and for and on behalf of chairman / directors and chief executive officer amounted to Rs.694,402,778 (2018:Rs. 109,651,001).

25 OTHER INCOME

	Note	As at December 31, 2019	2018
		---------- (Rupees) ----------	
Income from financial assets			
Mark-up income on bank PLS deposits	25.1	**11,353,191**	9,617,162
Profit on cash margin with National Clearing Company of Pakistan Limited		**1,930,964**	1,830,802
Surplus on revaluation of investments classified as fair value through profit or loss	14.4.1	**668,353**	189,817
Income from assets other than financial assets			
Gain / (loss) on disposal of property and equipment		**25,554**	(26,384)
Miscellaneous income		**548,362**	25,604
		14,526,424	11,637,001

25.1 This includes income amounting to Rs. 896 (2018: Rs. 527,242) received from related party.

	Note	As at December 31, 2019	2018
		---------- (Rupees) ----------	
26 ADMINISTRATIVE EXPENSES			
Salaries, benefits and allowances		**60,388,050**	69,890,101
Staff retirement benefits	26.1	**4,445,325**	6,870,314
Rent		**30,888**	4,702,887
Telephone and fax		**2,489,578**	2,752,726
Pakistan Stock Exchange Limited service charges		**5,430,905**	6,916,752
Depreciation	6	**7,595,349**	3,715,567
Ijarah charges		**2,374,853**	3,168,415
Electricity and utilities		**2,098,533**	2,175,864
Vehicle running expenses		**1,992,369**	3,076,281
Insurance		**1,779,233**	2,087,041
Legal and professional		**1,516,810**	2,068,839
CDC charges		**2,196,667**	2,886,812
Repairs and maintenance		**2,824,369**	3,035,285
Amortization	7	**249,528**	575,612
Printing and stationery		**1,059,581**	1,263,363
Entertainment		**1,289,888**	1,354,951
Postage / courier		**1,132,810**	1,419,464
Subscriptions		**799,760**	1,511,080
Umrah facility to employees		**844,800**	620,400
SECP transactions fees		**550,462**	747,996
Office supplies		**477,800**	480,102
Auditors' remuneration	26.2	**802,000**	924,380
Computer expenses		**79,573**	50,646
Travelling and conveyance		**482,958**	873,734
Professional tax		**214,868**	210,734
Advertising and business promotion		**5,000**	429,935
Library and periodicals		**24,605**	50,317
Seminar and training		**92,500**	341,088
		103,269,062	124,200,686

26.1 This includes charge for defined benefit plan (note. 16) of Rs. 564,128 (2018: Rs. 2,302,317), contribution to staff provident fund amounting to Rs. 2,992,561 (2018: Rs. 3,610,029) and contribution to E.O.B.I. and S.E.S.S.I amounting to Rs. 809,962 (2018: Rs. 818,180).

	As at December 31, 2019	2018
	---------- (Rupees) ----------	
26.2 Auditors' remuneration		
Annual audit fee	**380,000**	345,000
Other certifications	**262,593**	410,907
Out-of-pocket expenses	**100,000**	100,000
Sindh sales tax	**59,407**	68,473
	802,000	924,380

27 FINANCE COST

	As at December 31, 2019	2018
	(Rupees)	
Mark-up on short term running finance	**1,316,599**	2,984,348
Finance Charges on FLO	**1,556,358**	-
Bank charges	**421,171**	445,580
	3,294,128	3,429,928

28 TAXATION

	As at December 31, 2019	2018
Current		
- for the year	**3,543,917**	11,222,394
- for prior years	**(5,142,470)**	-
	(1,598,553)	11,222,394

28.1 Relationship between income tax expense and accounting profit

	2019	2018
(Loss) / profit before taxation	**(1,002,176)** -	4,471,624
Tax at applicable tax rate of 29% (2018: 29%)	-	-
Tax on brokerage income under FTR	-	8,460,783
Tax on turnover for minimum tax under section 113	**1,229,732**	-
Tax effect of lower tax rate on capital gain / dividend	**2,314,185**	2,037,261
Tax effect of prior years taxation	**(5,142,470)**	-
Others	-	724,350
	(1,598,553)	11,222,394

28.2 Status of tax assessments

The income tax assessments upto assessment year / tax year 2019 corresponding to the accounting year December 31, 2018 have been finalized.

29 EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED

	As at December 31, 2019	2018
	(Rupees)	
Profit / (loss) for the year	**596,377**	(15,694,018)
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	**13,502,306**	13,502,306
	(Rupees)	
Earnings / (loss) per share - Basic	**0.04**	(1.16)

There being no potentially diluted shares outstanding as at the year ended December 31, 2019 and December 31, 2018, therefore, there is no dilutive effect on the (loss) / earnings per share of the Company.

30 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Chairman & Directors		Executives		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees)							
Managerial remuneration	6,600,000	6,600,000	-	-	9,980,000	9,381,313	16,580,000	15,981,313
Other benefits	-	-	724,000	580,000	7,587,160	6,097,854	8,311,160	6,677,854
Retirement benefits	733,333	733,333	-	-	1,781,939	1,785,101	2,515,272	2,518,434
Commission	-	-	-	-	-	2,191,445	-	2,191,445
	7,333,333	7,333,333	724,000	580,000	19,349,099	19,455,713	27,406,432	27,369,046
Number of persons	1	1	7	7	4	5	12	13

30.1 The chief executive officer and certain executives are provided with free use of the Company's cars / cash in lieu of cars and mobile phones (subject to limits authorized by the Company) in accordance with the terms of employment.

31 TRANSACTIONS WITH RELATED PARTIES

The Company is a Government-related entity as defined in IAS 24 'Related Party Disclosures' and is indirectly controlled by the Government of Pakistan, consequently, all entities owned or controlled, whether directly or indirectly, by the Government of Pakistan are related parties of the Company.

The disclosures required under Para 18 of IAS 24 are impracticable for all entities owned or controlled by the Government of Pakistan. Nonetheless, under IAS 24, the Company, being a government entity, is required to disclose the nature and amount of each individually significant transaction and for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

The related parties and associated undertakings comprise parent company, its subsidiaries and associated companies, directors and their related concerns and key management personnel. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Transactions with the key management personnel are made under the terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes and actuarial advice. Details of transactions and balances with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

		Note	As at December 31, 2018	2017
			----------- (Rupees) ---------	
31.1	**Holding Company**			
	National Bank of Pakistan (NBP)			
	Transactions during the year			
	Brokerage earned		**2,878,329**	1,936,628
	Running finance obtained		**1,716,236,013**	3,760,000,000
	Running finance repaid		**1,586,236,013**	3,520,000,000
	Financial charges on running finance	27	**1,316,599**	2,984,348
	Balances			
	Trade debts		**1,281,304**	-
	Trade payable		**-**	79,259
	Short term running finance		**130,000,000**	239,632,784
	Bank balances		**2,617,042**	1,286,535
	Accrued mark-up	20	**558,254**	1,426,782
31.2	**Associated Companies**			
	The Bank of Khyber, First Credit Investment Bank Limited and First National Bank Modaraba, NAFA Funds			
	Transactions during the year			
	Brokerage earned		**4,404,890**	4,398,286
	Balances			
	Trade debts		**1,857,317**	1,390,720
	Trade payable		**62,813**	82,238
	Bank balance		**10,996,734**	29,887,366
31.3	**Chairman / Directors and Chief Executive Officer**			
	Transactions during the year			
	Brokerage earned		**1,119,209**	172,192
	Balances			
	Trade payable		**745,224**	274,728

32 OPERATIONAL RISK MANAGEMENT

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior.

Operational risks arise from all of the Company's activities. The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors. The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

The Company's operational cash flows and financial conditions could also be negatively affected by the following:

a) If employees are quarantined as the result of exposure to COVID-19, this could result in disruption of operations and impact economic activity.

b) Similarly, operational issues resulting from the rapid spread of COVID-19 in Pakistan may have a material effect on our business and results of operations.

However the Company manages above risks with well-defined Disaster Recovery (DR) and Business Continuity Plan (BCP). The staff is sufficiently trained and aware of their job responsibilities in case of any calamity which may prevent employees to use office of the Company or any other joint working space. The BCP also provides remote access to the resources for employees to fulfil their job responsibilities and service clients while ensuring utmost security of the Company's information system.

33 FINANCIAL RISK MANAGEMENT

The management of the Company has an overall responsibility for the establishment and oversight of the Company's risk management framework. Management is also responsible for developing and monitoring the Company's risk management policies. However board is responsible to setup risk management committee to effectively review the risk function.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

33.1 Risk management framework

The Company is exposed to credit risk, liquidity risk and market risk in respect of financial instruments.

33.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. Out of total assets of Rs. 617 million (2018: Rs. 752 million) the financial assets which are subject to credit risk amounted to Rs. 371 million (2018: Rs. 525 million). The carrying amount of these financial assets represents the maximum credit exposure at the reporting date.

	Note	As at December 31, 2019	2018
		(Rupees)	
Long term deposits		**3,051,156**	4,402,102
Trade debts	33.2.1	**50,861,761**	269,249,324
Loans		**1,871,500**	2,161,289
Deposits		**141,315,652**	87,877,033
Other receivables		**3,511,170**	6,331,188
Accrued income		**1,815,921**	11,488,065
Cash and bank balances	33.2.2	**163,606,679**	144,248,377
		366,033,839	525,757,378

33.2.1 The age analysis of the trade debts is as follows:

	2019					
	Carrying amount					
	Amount outstanding	Impaired	Provision held	Total	Amount un-secured - net of provision	Amount secured
	(Rupees)					
Not yet due*	**20,475,354**	-	-	**20,475,354**	-	**20,475,354**
Upto 3 months*	**31,267,029**	-	-	**31,267,029**	**20,328,223**	**10,938,806**
3 to 6 months	**1,778,337**	-	-	**1,778,337**	-	**1,778,337**
More than 6 months	**6,704,122**	**3,278,207**	**(3,278,207)**	**3,425,915**	**1,867,861**	**1,558,054**
	60,224,842	**3,278,207**	**(3,278,207)**	**56,946,635**	**22,196,084**	**34,750,551**

* Not yet due represents an amount of Rs. 20,475,354 (2018: Rs. 48,874,233) due from National Clearing Company of Pakistan Limited against unsettled trades, which is considered secured. Further, subsequent to the year-end, the Company has collected significant portion of the amount presented as un-secured in the upto 3 months' category.

	2018					
	Carrying amount					
	Amount outstanding	Impaired	Provision held	Total	Amount un-secured - net of provision	Amount secured
	(Rupees)					
Not yet due*	48,874,233	-	-	48,874,233	-	48,874,233
Upto 3 months*	216,964,746	-	-	216,964,746	213,158,552	3,806,194
3 to 6 months	1,123,473	-	-	1,123,473	-	1,123,473
More than 6 months	5,565,079	3,278,207	(3,278,207)	2,286,872	1,517,733	769,139
	272,527,531	3,278,207	(3,278,207)	269,249,324	214,676,285	54,573,039

33.2.2 Bank balances

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with the credit ratings are tabulated below:

	Rating			As at December 31,	
	Short-term	Long-term	Rating agency	2019	2018
				(Rupees)	
MCB Bank Limited	A1+	AAA	PACRA	**122,610,285**	95,149,604
Bank Alfalah Limited	A1+	AA+	PACRA	**12,787,372**	6,399,495
Bank of Khyber Limited	A1	A	PACRA	**10,996,734**	29,887,366
Habib Bank Limited	A1+	AAA	JCR-VIS	**5,739,416**	3,241,799
Habib Metropolitan Limited	A1+	AA+	PACRA	**7,706,828**	4,669,950
United Bank Limited	A1+	AAA	JCR-VIS	**954,940**	2,710,670
National Bank of Pakistan	A1+	AAA	PACRA	**2,617,042**	1,286,535
MCB Islamic (MIB) Bank Limited	A1	A	PACRA	**194,062**	184,062
Askari Bank Limited	A1+	AA+	PACRA	-	718,896
Total				**163,606,679**	144,248,377

33.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities:

	2019					
	Carrying Amount	**Contractual cash flows**	**Maturity not later than one month**	**Maturity later than one month and not later than three months**	**Maturity later than three months and not later than one year**	**Maturity later than one year and not later than five years**
	(Rupees)					
On balance sheet liabilities						
Trade and other payables	**180,873,449**	**180,873,449**	**180,873,449**	**-**	**-**	**-**
Lease liabilities	**10,972,894**	**10,972,894**	**361,949**	**723,898**	**3,257,541**	**6,629,508**
Short term running finance	**130,000,000**	**130,000,000**	**130,000,000**	**-**	**-**	**-**
	321,846,343	**321,846,343**	**311,235,398**	**723,898**	**3,257,541**	**6,629,508**
Off balance sheet liabilities						
Ijarah rentals payable	**-**	**-**	**-**	**-**	**-**	**-**

	2018					
	Carrying Amount	Contractual cash flows	Maturity upto one month	Maturity later than one month and not later than three months	Maturity later than three months and not later than one year	Maturity later than one year and not later than five years
	(Rupees)					
On balance sheet liabilities						
Trade and other payables	203,071,509	203,071,509	203,071,509	-	-	-
Lease liabilities	-	-	-	-	-	-
Short term running finance	239,632,784	239,632,784	239,632,784	-	-	-
	442,704,293	442,704,293	442,704,293	-	-	-
Off balance sheet liabilities						
Ijarah rentals payable	-	-	-	-	-	-

33.4 Market risk

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

33.4.1 *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2019						
	Effective yield / interest rate percent	Interest / mark-up bearing				Non interest / mark-up bearing	Total
		Maturity not later than one month	Maturity later than one month and not later than three months	Maturity later than three months and not later than one year	Maturity later than one year and not later than five years		
		(Rupees)					
On balance sheet assets							
Financial Assets							
Long term deposits		-	-	-	-	3,051,156	3,051,156
Trade debts		-	-	-	-	50,861,761	50,861,761
Loans		-	-	-	-	1,871,500	1,871,500
Deposits		-	-	-	-	141,315,652	141,315,652
Other receivables		-	-	-	-	3,727,000	3,727,000
Accrued interest income		-	-	-	-	1,815,921	1,815,921
Investments		-	-	-	-	177,481,996	177,481,996
Cash and bank balances	8.5% to 11.5%	160,194,460	-	-	-	3,412,219	163,606,679
		160,194,460	-	-	-	383,537,205	543,731,665
Financial Liabilities							
Trade and other payables		-	-	-	-	180,873,449	180,873,449
Lease Liabilities	KIBOR + 2.5%	361,949	723,898	3,257,541	6,629,508	-	10,972,896
Short term running finance	KIBOR + 2.5%	130,000,000	-	-	-	-	130,000,000
On balance sheet gap		30,194,460	-	-	-	202,663,756	221,885,320
Non-financial net assets							74,956,517
Total net assets							296,841,837

	2018						
	Effective yield / interest rate percent	Interest / mark-up bearing				Non interest / mark-up bearing	Total
		Maturity not later than one month	Maturity later than one month and not later than three months	Maturity later than three months and not later than one year	Maturity later than one year and not later than five years		
		(Rupees)					
On balance sheet assets							
Financial Assets							
Long term deposits		-	-	-	-	4,402,102	4,402,102
Trade debts		-	-	-	-	269,249,324	269,249,324
Loans		-	-	-	-	2,161,289	2,161,289
Deposits		-	-	-	-	87,877,033	87,877,033
Other receivables						17,802,992	17,802,992
Accrued interest income		-	-	-	-	350,000	350,000
Investments		-	-	-	-	168,098,828	168,098,828
Cash and bank balances	6.75% to 8.5%	140,714,295	-	-	-	3,534,082	144,248,377
		140,714,295	-	-	-	553,475,650	694,189,945
Financial Liabilities							
Trade and other payables		-	-	-	-	203,071,509	203,071,509
Lease Liabilities		-	-	-	-	-	-
Short term running finance	KIBOR + 2.5%	239,632,784	-	-	-	-	239,632,784
On balance sheet gap		(98,918,489)	-	-	-	350,404,141	251,485,652
Non-financial net assets							58,497,003
Total net assets							309,982,655

On balance sheet financial instruments	December 31, 2019									
	Carrying Amount						Fair value			
	Fair value through OCI	Fair value through P/L	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees)									
Financial assets measured at fair value										
Investments										
Securities at fair value through OCI	20,158,149	-	-	-	-	20,158,149	20,158,149	-	-	20,158,149
Securities at fair value through profit or loss	-	102,891,550	-	-	-	102,891,550	102,891,550	-	-	102,891,550
Unrealized gain on futures	-	-	-	-	-	-	-	-	-	-
	20,158,149	102,891,550	-	-	-	123,049,699	123,049,699	-	-	123,049,699
Financial assets not measured at fair value **										
Long term deposits	-	-	-	3,051,156	-	3,051,156				
Loan and advances	-	-	-	1,871,500	-	1,871,500				
Trade debts	-	-	-	50,861,761	-	50,861,761				
Deposits	-	-	-	130,215,652	-	130,215,652				
Other receivable	-	-	-	215,830	-	215,830				
Accrued income	-	-	-	1,815,921	-	1,815,921				
Cash and bank balances	-	-	-	163,635,128	-	163,635,128				
	-	-	-	351,666,948	-	351,666,948				
Financial liabilities not measured at fair value **										
Trade and other payables	-	-	-	-	(180,873,449)	(180,873,449)				
Lease liabilities	-	-		-	(10,972,894)	(10,972,894)				
Short term running finance	-	-	-	-	(130,000,000)	(130,000,000)				
	-	-	-	-	(321,846,343)	(321,846,343)				
	20,158,149	102,891,550	-	351,666,948	(321,846,343)	152,870,304				

** The Company has not disclosed the fair values for these financial assets and liabilities, however it believes that their carrying amounts are reasonable approximation of fair value.

On balance sheet financial instruments	December 31, 2018									
	Carrying Amount						Fair value			
	Fair value through OCI	Fair value through P/L	Held to Maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees)									
Financial assets measured at fair value										
Investments										
Securities at fair value through OCI	21,960,443	-	-	-	-	21,960,443	21,960,443	-	-	21,960,443
Securities at fair value through profit or loss	-	146,138,385	-	-	-	146,138,385	146,138,385	-	-	146,138,385
Unrealized gain on futures	-	11,138,065				11,138,065	11,138,065			11,138,065
	21,960,443	157,276,450	-	-	-	179,236,893	179,236,893	-	-	179,236,893
Financial assets not measured at fair value **										
Long term deposits	-	-	-	4,402,102	-	4,402,102				
Loans	-	-	-	2,161,289	-	2,161,289				
Trade debts	-	-	-	269,249,324	-	269,249,324				
Deposits	-	-	-	76,377,033	-	76,377,033				
Other receivable	-	-	-	333,739	-	333,739				
Accrued interest income	-	-	-	350,000	-	350,000				
Cash and bank balances	-	-	-	144,278,722	-	144,278,722				
	-	-	-	497,152,209	-	497,152,209				
Financial liabilities not measured at fair value **										
Trade and other payables	-	-	-	-	(203,071,509)	(203,071,509)				
Lease liabilities	-	-	-	-	-	-				
Short term running finance					(239,632,784)	(239,632,784)				
	-	-	-	-	(442,704,293)	(442,704,293)				
	21,960,443	157,276,450	-	497,152,209	(442,704,293)	233,684,809				

** The Company has not disclosed the fair values for these financial assets and liabilities, however it believes that their carrying amounts are reasonable approximation of fair value.

33.4.2 *Price risk*

Price risk is the risk of unfavourable changes in the fair value of securities as a result of changes in the value of individual shares / net asset value of units. The price risk exposure arises from the Company's investments in equity securities and units of mutual funds. The Company's policy is to manage price risk through selection of blue chip securities and obtain cover under futures.

The Company's investments in quoted equity securities amount to Rs. 177.48 million (2018: Rs 168.1 million) at the balance sheet date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the balance sheet date. Market prices are subject to fluctuation. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

In case of fair calue through OCI investments, a 10% increase / decrease in share prices and net asset value at year end would have increased / decreased the other comprehensive income of the Company by increasing / decreasing surplus on revaluation of such investment by the amounts given below. Investments at fair value through profit or loss are currently not exposed to any price risk since the Company has entered into future sale contract in respect of these securities.

	As at December 31,	
	2019	2018
	----------- (Rupees) -----------	
Effect on other comprehensive income - net of tax	**1,713,443**	2,086,714
Effect on investments	**2,015,815**	2,196,044

33.4.3 *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. The Company, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

34 FAIR VALUE OF FINANCIAL ASSETS AND LIABIITIES

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in arm's length transaction. The table below analyses financial instruments carried at fair value, by valuation method. The different levels (methods) have been defined as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices. The following table shows fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value. These financial assets and financial liabilities are short term and their fair value approximates their carrying value.

35 CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholders' value, for tapping potential investment opportunities and to reduce cost of capital.

The Company is subject to minimum capital and base minimum capital requirements under PSX Regulations. The minimum capital requirement is Rs. 35 million and that for base minimum capital is Rs. 26 million, however Company's capital and base minimum capital is Rs. 135 million and Rs. 34.82 million respectively.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. Furthermore, the Company finances its operations through equity and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

36 USE OF COLLATERAL AND TRADING SECURITIES

The Company purchases and sells securities as either principal or agents on behalf of its customers. If either the customer or a counterparty fails to perform, the Company may be required to discharge the obligation on behalf of the non-performing party. In such circumstances, the Company may sustain a loss if the market value of the security is different from the contracted value of the transaction less any margin deposits that the Company has on hand. Where the customer operates through institutional delivery system, the Company is not exposed to the risk.

Transactions involving future settlement give rise to market risk, which represents the potential loss that can be caused by a change in the market value of a particular financial instrument. The credit risk for these transactions is limited to the unrealized market valuation losses which have been recorded in the statement of accounts of the customers. As explained above, credit risk is controlled through a variety of reporting and control procedures.

37 OPERATING SEGMENTS

A segment is a distinguishable component of the Company that is engaged in business activities from which the Company earns revenues and incurs expenses and its results are regularly reviewed by the Company's Chief Operating Decision Maker to make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment. Based on internal management reporting structure, the Company is organized into the following three operating segments namely equity brokerage, investment and treasury operations and other operations. Segment revenue, segment result, costs, assets and liabilities for the year are as follows:

	December 31, 2019			
	Equity Brokerage	Investment and treasury	Other operations	Total
	(Rupees)			
Segment revenues *	75,886,134	29,660,547	14,333	**105,561,014**
Administrative and operating expenses **	(95,424,185)	-	-	**(95,424,185)**
Depreciation	(5,460,176)	(2,134,142)	(1,031)	**(7,595,349)**
Amortization	(179,382)	(70,112)	(34)	**(249,528)**
Finance cost	-	(3,294,128)	-	**(3,294,128)**
	(25,177,609)	**24,162,165**	**13,268**	**(1,002,176)**
Other income - unallocated				**-**
Other expenses - unallocated				**-**
Taxation				**1,598,553**
Profit after tax				**596,377**
Segment assets	**444,849,097**	**173,839,083**	**-**	**618,688,180**
Segment liabilities	**226,647,169**	**88,569,666**	**-**	**315,216,835**

* Reconciliation of total segment revenue with revenue as per profit & loss account is as follows:

	As at December 31, 2019 (Rupees)
Total segment revenue	**105,561,014**
Less - Revenue from Investment & treasury	- **29,660,547**
Less - Revenue from other operations	- **14,333**
	75,886,134

** In the absence of any specific administrative and operational costs pertaining to investment & treasury and other operating segments, no cost is allocated to these segments.

	December 31, 2018			
	Equity Brokerage	Investment and treasury	Other operations	Total
	(Rupees)			
Segment revenues *	96,756,445	25,062,969	1,340,354	123,159,768
Administrative and operating expenses **	(119,909,506)	-	-	(119,909,506)
Depreciation	(2,919,014)	(756,117)	(40,437)	(3,715,568)
Amortization	(452,211)	(117,137)	(6,264)	(575,612)
Finance cost	-	(3,429,928)	-	(3,429,928)
	(26,524,286)	20,759,787	1,293,653	(4,470,846)
Other income - unallocated				25,606
Other expenses - unallocated				(26,384)
Taxation				(11,222,394)
Profit after tax				(15,694,018)
Segment assets	280,387,389	472,299,555	-	752,686,944
Segment liabilities	194,092,248	248,612,045	-	442,704,293

* Reconciliation of total segment revenue with revenue as per profit & loss account is as follows:

	As at December 31, 2018 (Rupees)
Total segment revenue	123,159,768
Less - Revenue from Investment & treasury	(25,062,969)
Less - Revenue from other operations	(1,340,354)
	96,756,445

** In the absence of any specific administrative and operational costs pertaining to investment & treasury and other operating segments, no cost is allocated to these segments.

The Company has received the commission of Rs. 56,691,551 (59% of total brokerage) from 15 major clients with commission income from each client exceeding Rs. 1 million.

38 MAXIMUM CUSTODY LIMIT UNDER CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED REGULATIONS

Following information is presented for determination of 'Capital Adequacy Level' by the CDC under Central Depository Company of Pakistan Limited Regulations.

	As at December 31, 2019 (Rupees)
Total assets as per balance sheet	618,688,180
Notional value of TRE certificate at year-end as determined by PSX vide notice PSX/N-7178 dated November 10, 2017	2,500,000
Total assets including notional value of TRE certificate	621,188,180
Less: Total liabilities as per balance sheet	(321,846,343)
Capital adequacy level	299,341,837

39 NET CAPITAL BALANCE

Excess of Current Assets over Current Liabilities determined in accordance with the third schedule of the Securities and Exchange Rules 1971, the schedule II of the Securities Brokers (Licensing and Operations) Regulations, 2016 and the guidebook issued by Securities and Exchange Commission of Pakistan (SECP).

		Note		As at December 31, 2019 (Rupees)
CURRENT ASSETS				
Cash in hand or in bank	As per book value	16		**163,635,128**
Cash deposited as margin with		12.3		**130,215,652**
Trade debts - gross	As per book value	10	60,224,841	
	Less: Overdue for more than 14 days		(21,325,032)	**38,899,809**
Investment in listed securities	As per book value	14	123,049,699	
Investment in mutual funds	As per book value		54,432,297	
			177,481,996	
	Less:15% discount		(26,622,299)	**150,859,697**
Securities purchased for client	(Value of shares appearing in clients respective sub account to the extent of overdue balance for more than 14 days or value of securites, whichever is less)			**5,797,337**
Total Current Assets				**489,407,623**
CURRENT LIABILITIES				
Trade payables	As per book value	20	158,179,969	
	Less: Overdue for more than 30 days		(92,539,262)	**65,640,707**
Other liabilities	As per book value	19&2		**249,576,128**
Total Current Liabilities				**(315,216,835)**
Net Capital Balance as at December 31, 2019				**174,190,788**

40 NUMBER OF EMPLOYEES

	As at December 31, 2019	2018
The details of number of employees are as follows:		
- Average number of employees during the year	**55**	62
- Number of employees at year end	**59**	57

41 SUBSEQUENT EVENT

41.1 The existence of novel corona virus (COVID 19) was confirmed in early 2020 and has spread across the globe, causing disruption to businesses and economic activities. The Company considers this outbreak to be a non-adjusting post statement of financial position date event. As this situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company. The impact of this outbreak on the Company's financial statements, if any, will be considered in the next financial statements.

41.2 The Board of Directors of the Company in the ______ meeting held on ___________ has approved the following appropriation:

	As at December 31, 2019	2018
	---------- (Rupees) ----------	
- Cash dividend - Rs. ______ (2018: Nil) per share of Rs. 10 each		-
- Issue of bonus shares _____ % (2018: Nil) in the ratio of ___ (2018: Nil) shares for every 100 shares held		-

These would be accounted for in the Company's financial statements in the year in which these are approved.

42 RECLASSIFICATION

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. Effect of reclassifications on the corresponding figures have been summarized as under:

Statement of profit or loss		---Rupees---
From	*To*	
Other expenses	Other income	26,384

43 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors of the Company in their ________meeting held on __________________.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

Annexure - I

I.i Followings shares held by Company in its sub-account No. 21 (Client account) under CDS which is blocked by the Central Depository Company of Pakistan Limited.

Symbol	Security Name	Number of shares 2019	2018
AGIC	Askari General Insurance Company Limited	418	364
AKZO	Akzo Nobel Pakistan Limited	14	14
ATLH	Atlas Honda Limited	721	601
BCL	Bolan Castings Limited	174	174
CFL	Crescent Fibers Limited	3,360	3,360
DNCC	Dandot Cement Company Limited	1,000	1,000
DSFL	Dewan Salman Fiber Limited	2,027	2,027
DWSM	Dewan Sugar Mills Limited	100	100
FABL	Faysal Bank Limited	16,285	16,285
FANM	First Alnoor Modaraba	500	500
FASL	Faisal Spinning Mills Limited	500	500
FECM	First Elite Capital Mobaraba	10,500	10,500
FRSM	Faran Sugar Mills Limited	78	78
FTSM	First Tri Star Modaraba	100	100
ENGL	English Leasing Limited- Freeze	500	500
HAJT	Hajra Textile Mills Limited- Freeze	500	500
HCAR	Honda Atlas Cars (Pakistan) Limited	127	127
HUBC	The Hub Power Company Limited	200	200
HUSI	Hussein Industries Limited-Freeze	130	130
ICI	Ici Pakistan Limited	27	27
IDRT	Idrees Textile Limited	220	220
JSBL	Js Bank Limited	2,792	2,792
KTML	Kohinoor Textile Mills Limited	3,822	3,822
LOTCHEM	Lotte Chemical Pakistan Limited	42	42
LUCK	Lucky Cement Limited	150	150
MCB	Mcb Bank Limited	81	81
MLCF	Maple Leaf Cement Factory Limited	2,801	2,801
MSCL	Metropolitan Steel Corporation Limited- Freeze	2,500	2,500
NBP	National Bank Of Pakistan	71	71
NCL	Nishat(Chunian) Limited	50	50
NICL	Nimir Industrial Chemicals Limited	2,000	2,000
NML	Nishat Mills Limited	834	834
NRL	Nimir Resins Limited	1,020	1,020
OGDC	Oil And Gas Development Company Limited	8	8
OTSU	Otsuka Pakistan Limited	481	481
PAKMI	First Pak Mobaraba	51	51
PIF	Picic Investment Find	1,189	1,189
PSO	Pakistan State Oil Company Limited	93	78
PTC	Pakistan Telecommunication Company Limited	900	900
SCBPL	Standard Chartered Bank (Pakistan) Limited	37	37
SCM	Orix Modaraba (Standard Chartered Modaraba)	679	679
SNBL	Soneri Bank Limited	2,988	2,988
SNGP	Sui Northern Gas Pipelines Limited	350	350
HIFB	Hbl Investment Fund - Class B Segment	1,189	-
MLCFR1	Maple Leaf Cement Factory Ltd. - Lor	2,380	-
SSGC	Sui Southern Gas Company Limited	117	117
SSML	Saritow Spinning Mills Limited	5,491	5,491
PPL	Pakistan Petroleum Limited	1,981	1,651
TRIBL	Trust Investment Bank Limited	537	537
TSMF	Tri Star Mutual Fund Limited	500	500
ZELP	Zeal Pak Cement Factory Limited- Freeze	148	148
		72,763	68,675

I.ii Followings shares held by Company in its sub-account No's. 39 and 54 (House account) under CDS.

Symbol	Security Name	Number of shares 2019	2018
BSML	Bawany Sugar Mills Limited	500	500
IDSML	Ideal Spinning Mills Limited	1,000	1,000
IIBL	Innovative Investment Bank Limited	15	15
NBP	National Bank Of Pakistan	11,404	11,404
SNGP	Sui Northern Gas Pipelines Limited	73	73
		12,992	12,992

I.iii There have been no change except bonus in these shares/details since last year. Cash dividend received on shares held in account number 21, 39 and 54 is Rs. 454,772.

CHIEF FINANCIAL OFFICER **CHIEF EXECUTIVE OFFICER** **DIRECTOR**