

4.11. Staff retirement benefits

The Company did not have any retirement benefits plan.

4.12. Taxation

Income tax expense comprises current and deferred tax.

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using rates enacted or substantively enacted at the reporting date, and takes into account tax credits, exemptions and rebates available, if any. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

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

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

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

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

4.13. Provisions

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

4.14. Revenue recognition

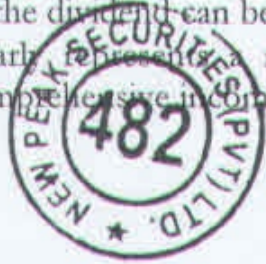
Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following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

- Brokerage and commission income is recognized when brokerage services are rendered.
- Dividend income is recognized when the right to receive the dividend is established.
- Return on deposits is recognized using the effective interest method.
- Income on fixed term investments is recognized using the effective interest method.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.

- Unrealized capital gains / (losses) arising from marking to market financial assets are included in profit and loss (for assets measured at FVTPL) or OCI (for assets measured at FVOCI) during the period in which they arise.
- Income / profit on exposure deposits is recognized using the effective interest rate.

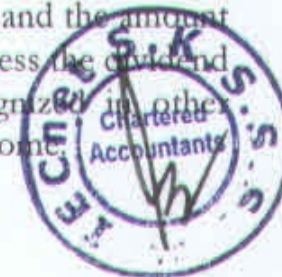
4.15. Dividend income

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income. Dividends are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.



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4.16. Mark up / interest income

Mark-up / interest income is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

4.17. Borrowings

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

4.18. Borrowing costs

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

4.19. Fiduciary assets

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

4.20. Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in income.

4.21. Derivative financial instruments

Derivative financial instruments are recognized at their fair value on the date on which a derivative contract is entered into. Subsequently, any changes in fair values arising on marking to market of these instruments are taken to the profit and loss account.

4.22. Related party transactions

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



5 PROPERTY AND EQUIPMENT

2020

	As at 1 July 2019			As at 30 June 2020			As at 1 July 2019			As at 30 June 2020			Rate of depreciation %/age
	As at 1 July 2019	Additions	Deletions	As at 30 June 2020	As at 30 June 2020	Deletions	As at 1 July 2019	For the Year	Adjustments	As at 30 June 2020	Net book value as at 30 June 2020		
OWNED													
Office equipment	49,477	-	-	49,477	34,109	-	34,109	2,305	-	36,414	13,063	15%	
Computer equipment	359,220	-	-	359,220	299,316	-	299,316	19,768	-	319,084	40,136	33%	
Furniture and fixtures	154,050	-	-	154,050	100,053	-	100,053	8,100	-	108,153	45,897	15%	
Vehicles	4,752,793	80,000	-	4,832,793	3,282,760	-	3,282,760	225,505	-	3,508,265	1,324,528	15%	
Leasehold Improvements	82,754	-	-	82,754	58,449	-	58,449	3,646	-	62,095	20,659	15%	
	2,761,294	80,000	-	5,478,294	1,482,978	-	1,482,978	259,324	-	4,034,011	1,444,283		

During the current year, Company has transferred the ownership of the motor vehicle upon lease maturity.

2019

	As at 1 July 2018			As at 30 June 2019			As at 1 July 2018			As at 30 June 2019			Rate of depreciation %/age
	As at 1 July 2018	Additions	Deletions	As at 30 June 2019	As at 30 June 2019	Deletions	As at 1 July 2018	For the Year	Adjustments	As at 30 June 2019	Net book value as at 30 June 2019		
OWNED													
Office equipment	49,477	-	-	49,477	31,397	-	31,397	2,312	-	34,109	15,368	15%	
Computer equipment	345,370	13,850	-	359,220	298,027	-	298,027	1,289	-	299,316	59,904	33%	
Furniture and fixtures	154,050	-	-	154,050	90,524	-	90,524	9,529	-	100,053	53,997	15%	
Vehicles	2,115,793	-	-	2,115,793	792,567	-	792,567	198,484	-	991,051	1,124,742	15%	
Leasehold Improvements	82,754	-	-	82,754	54,160	-	54,160	4,289	-	58,449	24,305	15%	
	2,747,444	13,850	-	2,761,294	1,266,675	-	1,266,675	216,303	-	1,482,978	1,278,316		
LEASED													
Vehicles	2,637,000	-	-	2,637,000	2,121,640	-	2,121,640	170,069	-	2,291,709	345,291	33%	
	5,384,444	13,850	-	5,398,294	3,388,315	-	3,388,315	386,372	-	3,774,687	1,623,607		



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6 INTANGIBLE ASSETS

	Note	30-Jun-20 Rupees	30-Jun-19 Rupees
Trading Rights Entitlement Certificate ("TREC")	6.1	2,500,000	2,500,000
		<u>2,500,000</u>	<u>2,500,000</u>
Back Office (Smart Stock LSE)	6.2	42,667	64,000
Amortization		<u>(21,333)</u>	<u>(21,333)</u>
		<u>2,521,334</u>	<u>2,542,667</u>

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

6.2 This balance includes the software Back Office (Smart Stock LSE) purchased by the Company. The software is amortized on reducing balance method at 33.3%.

7 LONG-TERM INVESTMENTS

Investments at fair value through OCI

ISE Towers REIT Management Limited (unquoted) - opening	7.1	42,757,556	42,757,556
Adjustment for remeasurement to fair value		4,127,063	-
		<u>46,884,619</u>	<u>42,757,556</u>

7.1 As a result of the demutualization and corporatization of stock exchanges as detailed in note 8.1, the Company received 3,034,603 shares of ISE Towers REIT Management Limited. Of these, 60% (1,820,762 shares) were held in a separate Central Depository Company Limited ("CDC") sub-account, blocked until they are sold to strategic investors, financial institutions and/or the general public. The remaining shares (40% of total, or 1,213,841 shares) were allotted to the Company.

Until June 30, 2018, these shares were carried as available-for-sale investments (cost election) under the now-superseded IAS 39. Under IFRS 9, these shares are carried at FVOCI, resulting in a remeasurement gain in the prior year. The Company's financial statements have not been restated to reflect the change, consistent with transitional and first-time adoption provisions pertaining to IFRS 9. See Note 4 for a categorization, measurement basis and carrying value comparison between IAS 39 and IFRS 9.

These shares are neither listed on any exchange nor are they actively traded. As a result, fair value has been estimated by reference to the latest break-up or net asset value per share of these shares notified by ISE Towers REIT Management Limited. Remeasurement to fair value resulted in a gain of PKR 4,127,063 in the prior year (2019: Nil).

3,034,603 shares of ISE Towers REIT Management Limited are pledged with the PSX to meet BMC requirements.

8 LONG-TERM DEPOSITS

Central Depository Company Limited		100,000	100,000
National Clearing Company of Pakistan Limited		1,200,000	1,200,000
PSX membership deposit		50,000	50,000
Office security deposits		81,000	81,000
		<u>1,431,000</u>	<u>1,431,000</u>

9 TRADE DEBTS

Considered good	9.1	46,930,129	23,632,755
Considered doubtful		4,976,451	4,594,425
		<u>51,906,580</u>	<u>28,227,180</u>
Less: Provision for doubtful debts	9.2	4,976,451	4,594,425
		<u>46,930,129</u>	<u>23,632,755</u>

9.1 The Company holds client-owned securities with a total fair value of PKR 990,779,418 (2019: PKR 72,700,149) as collateral against trade debts. Refer to note 3.8 for details around the Company's methodology for computing estimated credit losses under the expected loss model under IFRS 9.

Trade debts include PKR 3,050,974 receivable from related parties.




9.2 Movement in provision against trade debts is as under:

Opening balance (as at July 1)	4,594,425	1,774,682
Charged to profit and loss during the year	382,026	2,819,743
	4,976,451	4,594,425
Amounts written off during the year	-	-
Closing balance (as at June 30)	4,976,451	4,594,425

10. LOANS AND ADVANCES & OTHER RECEIVABLE

Note	30-Jun-20 Rupees	30-Jun-19 Rupees
Staff advances - unsecured, considered good	2,030,803	960,121
	2,030,803	960,121

11. PREPAYMENTS & ADVANCES

Deposits against exposure	11.1	24,583,000	14,263,932
Receivable from NCCPL		2,753,335	-
Other Receivables		140,889	115,259
Income tax refundable	11.2	-	1,877,307
		27,477,224	16,256,498

11.1 The balances include deposits made by clients amounting to Rs. 12,789,500/-

11.2 INCOME TAX REFUNDABLE

Opening balance (as at July 1)	1,877,307	125,868
Add: Prior year adjustment	4,485,152	-
Add: Current year additions	109,245	1,877,307
	6,471,704	2,003,175
Less: Adjustment against previous year provision for taxation	3,096,458	(125,868)
Adjustment against current year provision for taxation	3,375,246	-
Balance at the end of the year	-	1,877,307

12. SHORT TERM INVESTMENTS

2020 Rupees		2019 Rupees	
Investments at fair value through profit or loss			
Investment in Listed Securities in the name of Company			
No. of Securities	Amount	No. of Securities	Amount
Pakistan International Bulk Terminal Limited	6,009 52,879	6,009	48,716
Pakistan International Airlines Corporation	25,000 106,750	25,000	96,512
Ise Towers Reit Management Company Limited	1,213,841 -	1,213,841	-
	1,244,850 159,629	1,244,850	145,228

These investments are stated at fair value at the year end using the year end redemption and share price.

Excluding ISE shares pledged against Base Minimum Capital requirements as disclosed elsewhere, shares with fair value PKR 44,000 (2019: 42,200) have been pledged against various requirements.

13. CASH AND BANK BALANCES

Cash in hand			
Cash at bank			
Proprietary accounts	13.1	732,571	321,380
Client accounts		40,476,519	42,447,213
		41,209,090	42,768,593

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13.1 Cash at bank includes customers' assets in the amount of PKR 40,476,519 (2019: 42,447,213) held in designated bank accounts.

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

14.1 Authorized capital	
400,000 (2019: 400,000) ordinary shares of PKR 100 each.	
14.2 Issued, subscribed and paid-up share capital	
200,000 (2019: 200,000) ordinary shares of PKR 100/- each, issued for cash	
200,000 (2019: 200,000) ordinary shares of PKR 100/- each, issued as bonus shares	
14.3 Shareholders holding 5% or more of total shareholding	

Note	30-Jun-20 Rupees	30-Jun-19 Rupees
	40,000,000	40,000,000
	20,000,000	20,000,000
	20,000,000	20,000,000
	<u>40,000,000</u>	<u>40,000,000</u>

Abdul Basit
Amina Aashad Mecc
Ghulam Mujtaba Butt

Number of Shares		Percentage
2020	2019	2019
167,000	83,500	20.9%
30,000	15,000	3.8%
201,950	100,975	25.2%

15 FINANCE LEASE LIABILITY

Present value of minimum lease payments
Less: Current portion

Minimum lease rentals payable

Within one year
After one year but within five years
After five years

Less: Future financial charges
Net lease obligation

15.1	-	605,386
	-	(605,386)
	-	-
	-	638,337
	-	-
	-	-
	-	638,337
	-	(32,951)
	-	<u>605,386</u>

15.1 This represents a liability to a commercial lender against a vehicle subject to finance lease. The liability, which carries mark-up at KIBOR (12 Month) +2.5%, is due for repayment in its entirety prior to June 30, 2020. As such, the entire amount has been classified as payable in the short-term.

16 TRADE AND OTHER PAYABLES

Trade creditors
Accrued and other payables
Auditor's remuneration payable
Withholding tax payable
Worker welfare fund - Punjab
FED Payable
NCCPL futures payables

16.1	67,752,902	51,920,648
	163,041	1,057,557
	350,000	150,000
	716,932	82,575
	499,977	-
	1,904,282	4,353,136
	1,276,529	3,797,268
	<u>72,663,663</u>	<u>61,361,184</u>

16.1 This does not include any amounts due to related parties.

17 Provision for Taxation

Balance at the beginning of the year
Add: current year provision

3,096,458	1,407,506
7,259,783	1,814,820
<u>10,356,241</u>	<u>3,222,326</u>

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Less: adjustment against previous year advance tax	3,096,458	(125,868)
Less: Adjustment against current year advance tax	3,375,246	
Balance at the end of the year	<u>3,884,537</u>	<u>3,096,458</u>

18 CONTINGENCIES AND COMMITMENTS

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

19 OPERATING REVENUE

	Note	30-Jun-20 Rupees	30-Jun-19 Rupees
Brokerage income		45,657,159	29,984,274
Dividend income		728,305	455,190
		<u>46,385,464</u>	<u>30,439,464</u>

20 OPERATING & ADMINISTRATIVE EXPENSES

Staff salaries, allowances and other benefits		4,738,700	5,063,170
Director's remuneration		5,386,000	4,296,000
Commission paid to agents		5,410,159	9,469,422
Rent, rates and taxes		639,947	581,824
Printing and stationery		69,500	68,400
Postage and telephone		78,907	33,879
Vehicle running expenses		350,000	319,325
Telephone and internet charges		440,253	641,172
Service Charges		531,934	800,256
Travelling and conveyance		344,906	310,300
Fee and subscription		347,275	119,000
Auditors' remuneration	20.1	350,000	350,000
Central Depository Company charges		325,576	487,913
National Clearing Company charges		589,575	754,426
LSE service charges		102,413	112,162
PSX clearing charges		1,064,155	884,135
Entertainment		976,680	727,500
Repair and Maintenance		246,000	450,000
Trading Taxes		-	165,435
Provision for doubtful debts		382,026	2,819,743
Utilities		378,020	150,000
Depreciation	5	259,324	386,372
Amortization - Intangibles		21,333	21,333
Worker welfare fund -Punjab		499,977	-
Miscellaneous expenses		37,653	42,192
		<u>23,570,313</u>	<u>29,053,959</u>

20.1 Auditor's remuneration

Statutory audit	300,000	300,000
Certifications and other charges	50,000	50,000
	<u>350,000</u>	<u>350,000</u>

21 FINANCIAL CHARGES

Mark-up on interest-bearing liabilities	24,088	53,073
Bank and other charges	8,480	13,534
	<u>32,568</u>	<u>66,607</u>

22 OTHER INCOME / LOSSES

Income from financial assets / financial liabilities

Mark-up on Bank balances	-	3,720
	-	3,720

Income from non-financial assets/liabilities

Sundry / miscellaneous income	2,413,771	1,315,380
	<u>2,413,771</u>	<u>1,315,380</u>

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