

NEW PEAK SECURITIES (PVT) LTD

Statement of Cash Flows

For the year ended June 30, 2020

	30-Jun-20	30-Jun-19
<i>Note</i>	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	25,132,482	2,517,976
Adjustments:		
Depreciation and impairment	280,657	407,705
Provision for doubtful debts	-	2,819,743
Realized loss / (gain) on sale of short-term investments	-	106,075
Unrealized loss / (gain) on short-term investments	63,872	13,946
Dividend income	-	(455,190)
Finance charges	24,088	53,074
	<u>368,617</u>	<u>2,945,353</u>
Operating profit before working capital changes	25,501,099	5,463,329
(Increase)/decrease in current assets		
Trade debts - net	(23,297,374)	(4,041,992)
Loans and advances	(1,070,682)	(281,797)
Prepayments & Advances	(13,098,033)	27,894,812
Increase/(decrease) in current liabilities		
Trade and other payables	11,302,479	(3,257,836)
	<u>(26,163,610)</u>	<u>20,313,187</u>
Cash generated from / (used in) operations	(662,511)	25,776,516
Acquisition of short-term investments	(78,273)	-
Dividends received	-	455,190
Interest paid	(24,088)	(53,074)
Taxes paid	(109,245)	(1,877,307)
	<u>(211,606)</u>	<u>(1,475,191)</u>
Net cash from operating activities	(874,117)	24,301,325
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of / (acquisition of) property and equipment	(80,000)	(13,850)
Decrease / (increase) in long-term deposits	-	100,000
Net cash generated from / (used in) investing activities	(80,000)	86,150
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of share deposit money	-	(2,900,000)
Finance lease payments	(605,386)	(324,113)
Net cash generated from / (used in) financing activities	(605,386)	(3,224,113)
Net (decrease)/increase in cash and cash equivalents	(1,559,503)	21,163,362
Cash and cash equivalents at the beginning of the year	42,768,593	21,605,231
Cash and cash equivalents at the end of the year	41,209,090	42,768,593

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


Chief Executive Officer




Director

NEW PEAK SECURITIES (PVT) LTD
Statement of Changes in Equity
For the year ended June 30, 2020

	Issued, subscribed and paid-up capital	Unappropriated profit/ (loss)	Unrealized surplus / (deficit) on re- measurement of investments measured at FVOCI	Total
Rupees.....			
Balance as at July 1, 2018	20,000,000	33,940,315	-	53,940,315
Issuance of bonus shares	20,000,000	(20,000,000)	-	-
Total comprehensive income for the year				
Profit for the year, as restated	-	703,156	-	703,156
Other comprehensive income/(loss)	-	-	12,411,526	12,411,526
	40,000,000	(19,296,844)	12,411,526	13,114,682
Balance as at June 30, 2019 - restated	40,000,000	14,643,471	12,411,526	67,054,997
Issuance of bonus shares	-	-	-	-
Total comprehensive income for the year				
Profit for the year	-	22,357,851	-	22,357,851
Other comprehensive income/(loss)	-	-	4,127,063	4,127,063
	-	22,357,851	4,127,063	26,484,914
Balance as at June 30, 2020	40,000,000	37,001,322	16,538,589	93,539,911

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




 Chief Executive Officer




 Director

NEW PEAK SECURITIES (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

New Peak Securities (Private) Limited (the "Company") was incorporated in Pakistan on March 22, 2012 as a private limited company, limited by shares, under the Companies Ordinance, 1984 repealed by Company Act 2017. The Company's registered office is situated at Suite # 521, 5th Floor, Siddiq Trade Center, and 72 Main Boulevard Gulberg Lahore. The Company is a holder of Trading Rights Entitlement Certificate ("TREC") of Pakistan Stock Exchange Limited. The Company is principally engaged in the business of investment advisory, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

2. BASIS OF PREPARATION

2.1. Statement of compliance

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

- Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, and relevant provisions of the Securities Brokers (Licensing and Operations) Regulations 2016 (the "Regulations").

In case requirements differ, the provisions or directives of the Companies Act, 2017 and/or the Regulations shall prevail.

2.2. Accounting convention

These financial statements have been prepared under the historical cost convention, except:

- Investments in quoted equity securities (whether classified as assets at fair value through profit or loss, or at fair value through other comprehensive income), which are carried at fair value;
- Investments in unquoted equities, measured at fair value through other comprehensive income;
- Investments in associates, which are recorded in accordance with the equity method of accounting for such investments; and
- Derivative financial instruments, which is marked-to-market as appropriate under relevant accounting and reporting standards.

2.3. Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4. Accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are continually evaluated and are based on historical experience as well as expectations of future events and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are as follows:

- Estimates of useful lives and residual values of items of property, plant and equipment (Note 5);
- Estimates of useful lives of intangible assets (Note 6);
- Fair values of unquoted equity investments (Note 7);
- Classification, recognition, measurement / valuation of financial instruments (Note 4.5); and
- Provision for taxation (Note 15)

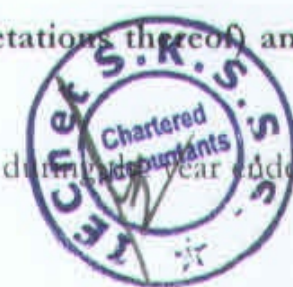
Accounting standards, amendments / improvements to existing standards (including interpretations thereof) and forthcoming requirements

Accounting standards, amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2020



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During the year, certain new accounting and reporting standards/amendments/interpretations became effective and applicable to the Company. However, since such updates) were not considered to be relevant to the Company's financial reporting, the same have not been disclosed here.

2.5.2. New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective.

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

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The application of the amendment is not likely to have an impact on the Company's financial statements.
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards. The amendments are not likely to affect the financial statements of the Company.
- Interest rate benchmark reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after January 01, 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has, in turn, led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.
- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - b. any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
 - c. there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the financial statements of the Company.

1. Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 01, 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liabilities non-current by requiring the assessment of the entity's right at the end of the reporting period to defer settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments



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