PEARL SECURITIES LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020

Crowe

Crowe Hussain Chaudhury & Co.
Chartered Accountants
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Independent Auditor's Report
To the members of Pearl Securities Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Pearl Securities Limited** (the Company) which comprise the statement of financial position as at 30 June 2020 and the statement of profit or loss and other 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 30 June 2020 and of its loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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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 and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements for the previous year were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those financial statements dated 26 October, 2019.

The engagement partner on the audit resulting in this independent auditor's report is Imran Shaikh.

Crowe Hussain Chaudhury

Crowe Hussain Chaudhury & Co.
Chartered Accountants

Karachi
Date: 23 OCT 2020

Pearl Securities Limited
Statement of Financial Position
As at 30 June 2020

	Note	2020	2019
		(Rupees)	
SHARE CAPITAL & RESERVES			
Authorized capital			
50,000,000 (2019: 50,000,000) ordinary shares of Rs. 10 each		**500,000,000**	500,000,000
Issued, subscribed and paid-up capital	5	**144,136,000**	144,136,000
Revenue reserve - unappropriated (loss) / profit		**(24,834,348)**	90,289,100
Fair value reserve		**52,192,897**	(89,983,403)
		171,494,549	144,441,697
NON-CURRENT LIABILITIES			
Long term loan and finances	6	**290,385,776**	380,000,000
Staff retirement benefits	7	**21,005,103**	22,737,000
		311,390,879	402,737,000
CURRENT LIABILITIES			
Trade creditors, accrued and other liabilities	8	**435,428,307**	477,098,549
Accrued markup		**140,266,714**	54,838,295
Short term borrowings	9	**1,614,190,084**	1,332,682,129
Current portion of liability against leased assets	6	**1,407,048**	-
		2,191,292,153	1,864,618,973
Contingencies and commitments	10		
		2,674,177,581	2,411,797,670
NON-CURRENT ASSETS			
Property and equipment	11	**38,590,029**	40,447,243
Right-of-use assets	12	**1,859,449**	-
Intangible assets	13	**2,750,000**	2,750,000
Long term investments	14	**-**	320,892,032
Deferred taxation	15	**2,719,943**	3,308,974
Long term deposits	16	**17,060,979**	17,200,979
		62,980,400	384,599,228
CURRENT ASSETS			
Short term investments	17	**403,252,427**	11,257,341
Receivable against margin financing transactions		**45,939,784**	23,071,859
Trade debts	18	**2,050,442,612**	1,839,941,886
Advances, deposits, prepayments and other receivables	19	**10,455,520**	47,855,424
Taxation - net		**7,385,986**	7,625,912
Cash and bank balances	20	**93,720,852**	97,446,020
		2,611,197,181	2,027,198,442
		2,674,177,581	2,411,797,670

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

Chief Executive

Director

Pearl Securities Limited
Statement of Profit or Loss account
For the year ended June 30, 2020

	Note	2020	2019
		--------------- (Rupees)	--------------
Operating revenue	21	**122,356,629**	95,858,025
Capital gain on short term investments		**27,047,480**	23,594,776
Administrative and operating expenses	22	**(116,758,279)**	(127,214,663)
Unrealized loss on fair value through profit and loss investments		**(3,711,724)**	(3,294,246)
Operating profit / (loss)		**28,934,105**	(11,056,107)
Finance cost	23	**(149,816,939)**	(96,757,214)
		(120,882,834)	(107,813,321)
Other income	24	**9,383,519**	44,941,382
(Loss) before taxation		**(111,499,315)**	(62,871,939)
Taxation			
- Current		**(5,048,299)**	(1,764,501)
- Prior years		**(1,666,078)**	(7,174,889)
- Deferred		**497,889**	978,991
	25	**(6,216,486)**	(7,960,398)
(Loss) after taxation		**(117,715,802)**	(70,832,336)
(Loss) per share - basic and diluted	26	**(8.17)**	(4.91)

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

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Chief Executive

Director

Pearl Securities Limited
Statement of Other Comprehensive Income
For the year ended June 30, 2020

	2020	2019
	---------------- (Rupees) ----------------	
Loss after taxation for the year	**(117,715,802)**	(70,832,336)
Other comprehensive income for the year		
Items that will not be reclassified subsequently to profit or loss		
- Re-measurement of staff retirement obligation - net off deferred tax	**2,661,080**	2,541,000
- Unrealised gain /(dimunition) - FVOCI investment	**142,107,573**	(38,196,718)
- Realised (loss) / gain - FVOCI investment	**(68,727)**	1,239,750
Items that are or may be reclassified subequently to profit or loss	**-**	-
Total comprehensive income / (loss) for the year	**26,984,124**	(105,248,304)

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

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Chief Executive

Director

Pearl Securities Limited
Statement of Cash flows
For the year ended June 30, 2020

	Note	2020	2019
		---------------- (Rupees)	--------------
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(111,499,315)**	(62,871,939)
Adjustments for:			
- Depreciation of property and equipment		**3,896,498**	5,687,506
- Depreciation of right of use of assets		**1,487,559**	
- Impairment of TREC		**-**	3,035,000
- Unrealized gain / (loss) on investments through profit and loss		**3,711,724**	(3,294,246)
- Provision for gratuity		**5,441,103**	5,597,000
- Gain on disposal of fixed assets		**(917,926)**	(2,243,233)
- Finance cost		**149,816,939**	96,575,007
Cash generated from operating activities before working capital changes		**163,435,898**	105,357,034
(Increase) / decrease in current assets			
Trade debts		**(210,500,726)**	(14,469,132)
Receivable against margin finance transactions		**(22,867,924)**	85,621,372
Advances, deposits, prepayments and other receivables		**37,399,904**	(7,910,951)
Increase / (decrease) in current liabilities			
Trade creditors, accrued and other liabilities		**(41,670,242)**	242,064,091
Short term borrowings		**321,507,955**	(659,765,764)
		83,868,968	(354,460,384)
Financial charges paid		**(64,388,521)**	(88,204,752)
Taxes paid		**(6,474,450)**	(17,702,857)
Gratuity Paid		**(3,425,000)**	(516,602)
Net cash generated from / (used in) operating activities		**61,517,579**	(418,399,500)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		**(3,783,360)**	(3,817,800)
Proceeds from disposal of capital work-in-process		**-**	139,666,585
Proceeds from disposal of property and equipment		**2,662,002**	4,511,700
Net proceeds from sale of short term and long term investment		**65,738,610**	530,965,911
Long term deposits		**140,000**	(5,855,979)
Net cash generated from investing activities		**64,757,252**	665,470,417
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**-**	(7,206,800)
(Repayments) of long term loan - net		**(130,000,000)**	(270,000,000)
Net cash (used in) financing activities		**(130,000,000)**	(277,206,800)
Net (decrease) in cash and cash equivalents		**(3,725,168)**	(30,135,882)
Cash and cash equivalents at the beginning of the year		**97,446,020**	127,581,902
Cash and cash equivalents at the end of the year		**93,720,852**	97,446,020

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

Farah

Chief Executive

Director

Pearl Securities Limited
Statement of Changes in Equity
For the year ended 30 June 2020

	Issued, subscribed & paid-up capital	Revenue reserve - unappropriated (loss) / profit	Fair value reserve	Total Equity
	(Rupees)			
Balance as at 30 June 2018	144,136,000	164,547,487	(50,546,935)	258,136,552
Loss after taxation for the year	-	(70,832,336)	-	(70,832,336)
Transfer of fair value reserve of equity insturments designated at FVOCI		1,239,750	(1,239,750)	
Other comprehensive gain / (loss) for the year	-	2,541,000	(38,196,718)	(35,655,718)
Final dividend for the year ended 30 June 2018 at the rate of Rs. 0.05 per share	-	(7,206,800)	-	(7,206,800)
Balance as at 30 June 2019	144,136,000	90,289,100	(89,983,403)	144,441,697
Loss after taxation for the year	-	(117,715,802)	-	(117,715,802)
Transfer of fair value reserve of equity instruments designated at FVOCI		(68,727)	68,727	
Other comprehensive gain / (loss) for the year	-	2,661,080	142,107,573	144,768,653
Balance as at 30 June 2020	**144,136,000**	**(24,834,348)**	**52,192,897**	**171,494,549**

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

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Chief Executive

Director

1. LEGAL STATUS AND NATURE OF BUSINESS

Pearl Securities Limited (the Company) was incorporated as a private limited company on May 8, 2000 under the Companies Ordinance, 1984 and was subsequently converted into a public limited Company on April 27, 2009. The Company is a corporate member of Pakistan Stock Exchange Limited (PSX).

The Company is a Trading Right Entitlement Certificate (TREC) holder of PSX and a member of Pakistan Mercantile Exchange Limited (PMEX). The Company is principally engaged in brokerage of shares, stocks, securities,commodities and other financial instruments,securities research, financial consultancy and underwriting.The Company has a network of five branches (June 30, 2019: five branches) across Pakistan.

Geographical location of business units

Locations	**Addresses**
Head Office/Registered Office	Suit # 204, 2nd Floor, Business & Finance Centre,I.I Chundrigar Road, Karachi.
Branches	
Pakistan Stock Exchange	Suit # 137, 3rd Floor, Stock Exchange Building,Karachi
Islamabad Branch	Suit # 1011, 10th Floor , Stock Exchange Towers,Islamabad
State Life Branch	Ground Floor, State Life Building, Peshawar Cantt,Peshawar.
Lahore Branch	Suit # 218, 2nd Floor, Siddiq Trade Centre, 72 MainBoulevard Gulberg,Lahore.
Mardan Branch	Shop # 57 & 60 Cantonment Plaza Mall Road,Mardan

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

On March 11, 2020, the World Health Organisation declared COVID-19 a global pandemic. The COVID 19 outbreak developed rapidly thereafter with a significant number of COVID-19 cases reported globally. The pandemic has resulted in overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX) after the announcement of lock-downs by the government authorities.The Company is conducting business with some modifications to employee working while following all necessary Standard Operating Procedures (SOPs). The management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in current period.Therefore the management has evaluated and concluded that there are no material implications of covid 19 that require specific disclosure in financial statements.

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3. BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) 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.

Where provisions of and directives issued under the Companies Act 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for certain financial assets and financial liabilities which have been stated at their fair values.

3.3 Functional and presentation currency

These financial statements have been presented in Pakistan Rupees, which is the functional currency of the Company and rounded off to the nearest rupee.

3.4 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates involved or where judgment was exercised in application of accounting policies are as follows:

	Note
a) Useful life of property and equipment	4.1.
b) Carrying amount of intangible assets	4.3
c) Provision of impairment of financial assets	4.4
d) Provision for current and deferred taxation	4.10
e) Leases	4.18

3.5 Standards Interpretation and amendments which become effective during the year

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

Standard or Interpretation

IFRS 16	Leases
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	Uncertainty over income tax treatments
IFRS 3	Business Combinations - Previously held Interests in a joint operation
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's financial statements except for IFRS 16.The impact of adoption of IFRS 16 is described below:

3.5.1 IFRS 16 Leases

During the current year, the Company have adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company has lease contracts for its various branches. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under 'Short term deposits and prepayments' and 'Creditors, accrued and other liabilities', respectively.

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.

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IFRS 16 allows two options for transition under the modified retrospective method as follows:
Recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right-of-use asset equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to those leases, or;
Recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right-of-use asset at its carrying value as if the new standard had always been applied.

In applying the standard, the Company has recognised lease liability at the date of initial application as present value of remaining lease payments and a right-of-use asset equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments previously recognised. The present value has been determined using a single discount rate for portfolio of leases exhibiting similar characteristics based on practical expedient provided in the standard.

As permitted by the transitional provisions of IFRS 16, the Company elected not to restate the comparative figures and not to adjust the opening unappropriated profit. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period

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

	Rupees
Increase in right of use of Assets	3,347,008
Decrease in long term deposits	(342,000)
Increase in total assets	**3,005,008**
Increase in lease liability against assets subject to finance lease	**(3,005,008)**
Increase / (decrease) in net assets	**-**

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3.6 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Amendments to standards	Effective date (annual periods beginning on or after)
IFRS-14 -Regulatory Deferral Accounts	January 01, 2018
IFRS 3 – Business Combinations - Definition of Business	January 1, 2020
IAS 1 / IAS 8 – Definition of Material (Amendments)	January 1, 2020
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Amendment)	Not Yet Finalized

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

Amendments to standards	Effective date (annual periods beginning on or after)
IFRS 1 – First-time Adoption of International Financial Reporting Standards	January 1, 2004
IFRS 17 – Insurance Contracts	January 1, 2021

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Property and equipment

Owned

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit and loss account by applying the reducing balance method systematically on yearly basis at the rates specified in note 11.1. Depreciation on additions to property and equipment is charged from the month in which an item is acquired while no depreciation is charged in the month the item is disposed off.

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such an indication exists the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amount; and the impairment losses are recognised in the profit and loss account.

The residual value, depreciation method and the useful lives of each part of property and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

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Gains and losses on disposal of assets, if any are included in profit and loss account for the current year.

Normal repairs and maintenance costs are charged to profit and loss account in the period of its occurrence, while major renovations and improvements are capitalized only when it is probable that the future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Disposal of assets is recognized when significant risk and rewards incidental to the ownership have been transferred to the buyers.

4.2. Capital work in progress

Capital work-in-progress is stated at cost less impairment (if any). It consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation.

4.3 Intangible assets

These represent computer software,Trading right entitlement certificate and membership card of Pakistan Mercantile Exchange Limited (PMEX).

TRE Certificate and membership card of PMEX has an indefinite useful life and are stated at the carrying value less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of their recoverable amounts, and where the carrying value exceeds the estimated recoverable amount, it written down to their estimated recoverable amount.

Computer software is recognized in the financial statements, if and only if, it is probable that the future economic benefits that are attributable to the asset will flow to the Company; and the cost of the asset can be measured reliably. It is carried at cost less accumulated amortization and impairment, if any.Amortization is charged from the month of addition to the month proceeding the month of retirement / disposal, by applying reducing balance method.The amortization period and the amortization method for intangible assets with finite useful life are reviewed, and adjusted if appropriate, at each reporting date.

4.4 Financial instruments

a) Initial recognition

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

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b) Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit and loss ("FVTPL"),

- at fair value through other comprehensive income ("FVTOCI"), or

- at amortised cost.

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

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

- the financial asset is held within a business model whose objective is to hold fiancial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specifid dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specifid dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

c) Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profi or loss ("FVTPL"), or
- at amortised cost.

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

d) Subsequent measurement

(i) **Financial assets at FVTOCI**

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

(ii) **Financial assets and liabilities at amortised cost**

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

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(iii) **Financial assets and liabilities at FVTPL**

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

e) Impairment of financial assets

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no signifiant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECL is recorded. The following were either determined to have low or there was no increase in credit risk since initial recognition as at the reporting date:

- bank balances;
- receivable from employee
- receivables from NCCPL and others

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

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

Lifetime ECL is only recognised if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Provision against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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f) Derecognition

(i) Financial assets

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

(ii) Financial liabilities

The Company 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 liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

4.5 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off set and the net amount is reported in the statement of financial position only when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.6 Long term deposits

These are stated at cost which represents the fair value of consideration given.

4.7 Trade debts

Trade debts are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. A provision for impairment is established when there is an objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts. Bad debts are written off when considered irrecoverable.

4.8 Borrowing costs

Borrowing costs are interest or other costs incurred by the Company in connection with the borrowing of funds. Borrowing cost that is directly attributable to a qualifying asset, i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, is capitalized as part of cost of that asset. All other borrowing costs are charged to income in the period in which they are incurred.

4.9 Taxation

Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation underthe normal tax regime after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is not recognised for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill. be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

4.10 Revenue recognition

- Brokerage and commission income is recognised as and when such services are provided and when performance obligations have been satisifed and right to receive the consideration in exchange for services has been established.
- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Interest income is recognised on a time proportion basis that takes into account the effective yield
- Income on continuous funding system is recognised on an accrual basis.
- Underwriting commission is recognised when the agreement is executed.
- Gains / (loss) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealised gains / (losses) arising on mark to market of investments classified as 'Financial assets at fair value through profit or loss' are included in the profit and loss account in the period in which they arise.
- Unrealised capital gains / (losses) arising from mark to market of investments classified as 'available-for-sale' are taken directly to other comprehensive income.
- All other incomes are recognised on an accrual basis.

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4.11 Expenses

All expenses are recognized in the profit or loss on an accrual basis.

4.12 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.13 Creditors, accrued and other liabilities

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

4.14 Dividend

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

4.15 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks.

4.16 Earning per share

Earning per share is calculated by dividing the profit after taxation for the year by the weighted average number of shares outstanding during the year.

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

Right of use of 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.

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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.

Short term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of lease contract of branches (i.e:, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.18 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Board of Directors and Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance,and for which discrete financial information is available. Currently the company has only one reportable segments.

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5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	Note	2020	2019
		--- (Rupees) ---	

This comprises fully paid-up ordinary shares of Rs. 10 each as follows:

2020	2019		2020	2019
--- (No. of shares) ---				
14,413,600	14,413,600	Issued for cash	**144,136,000**	144,136,000

5.1 Pattern of Shareholding

Categories of shareholders	Shareholders	Shares Held	Percentage
Members			
Mrs Fatima Usman	1	**4,418,100**	**30.652%**
Mrs. Naik Perveen	1	**972,555**	**6.747%**
Mr. Muhammad Arfeen Dhedhi	1	**972,625**	**6.748%**
Mr. Amir Nazeer Dhedhi	1	**972,625**	**6.748%**
Ms. Alia Dhedhi	1	**972,625**	**6.748%**
Mr. Sajid Anwar	1	**500**	**0.003%**
Mr. M Asadullah Sheikh	1	**500**	**0.003%**
Mrs Farzana Asad	1	**432,270**	**2.999%**
Government of KPK GPI Fund	1	**5,670,300**	**39.340%**
Directors and their spouse(s) and minor children			
Ms. Farah Zubair	1	**500**	**0.003%**
Mr. Pervez Mirza Chaghtai	1	**500**	**0.003%**
Mr. Muhammad Naeem Mahmood Shahid	1	**500**	**0.003%**
Total		**14,413,600**	**100.00%**

5.2 OTHER DISCLOSURES UNDER REGULATION 34(2) OF THE SECURITIES BROKER (LICENSING AND OPERATIONS) REGULATION 2016:

Shareholders holding 5% or more	Shares held	Percentage
Mrs. Naik Perveen	**972,555**	**6.747%**
Mr. Muhammad Arfeen Dhedhi	**972,625**	**6.748%**
Mr. Amir Nazeer Dhedhi	**972,625**	**6.748%**
Ms. Alia Dhedhi	**972,625**	**6.748%**
Government of KPK GPI Fund	**5,670,300**	**39.340%**
Mrs. Fatima Usman	**4,418,100**	**30.652%**

6. LONG TERM LOAN AND FINANCES

	Note	2020	2019
		--- (Rupees) ---	
Silk Bank Limited - Term Finance	6.1	**100,000,000**	100,000,000
Silk Bank Limited - Running finance	6.2	**90,000,000**	90,000,000
Summit Bank Limited	6.3	**200,000,000**	150,000,000
Saudi Pak Agricultural & Investment Company Limited	6.4	**-**	130,000,000
Lease liability	6.5	**1,792,824**	-
		391,792,824	470,000,000
Less: Current Portion lease liability		**(1,407,048)**	(90,000,000)
Less: Current Portion of long term loan		**(100,000,000)**	
Long term Portion		**290,385,776**	**380,000,000**

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6.1 In April 2019, the Company obtained a term finance facility from Silk Bank Limited amounting to Rs. 100 million (2019: 100 million) for a period of 18 months and was repayable in October 2020. During the year, the Company has filed deferement under regulatory relief of SBP Circular on Covid 19 which was extended for six months upto March 31, 2021 and futhur extended upto 31 July, 2021 .The said facility carries mark-up @ 3 months KIBOR plus 2.5% per anum payable on quaterly basis. The facility is secured by first pari passu charges of Rs. 1.14 billion on receivable of the Company.

6.2 The Company obtained running finance facility of Rs 90 million (2019: Rs 90 million) which was repayable in January 2020. During the year, the Company has filed deferement under regulatory relief of SBP Circular on Covid 19 which was extended upto March 31, 2021 and furthur extended upto 31 July, 2021. The said facility carries mark-up at the rate of 3-months (KIBOR) plus 2.5% per annum payable on quarterly basis. The facility is secured by first pari passu charge of Rs. 1.14 billion on receivables of the Company.

6.3 This represents term finance facility obtained from Summit Bank Limited of Rs. 200 million (2019: Rs. 150 million) to finance long term investment in listed companies and was re-payable in March 2021. During the year, the Company has filed a suit in the Honorable Court of Sindh against the bank in which the have claimed for the NOC against the said loan after adjusting the Company's receivable balance, the realization of which is contingent on the outcome of the petition. The legal advisor of the Company has confirmed that the matter is highly unlikey to be settled till June 30, 2021. Therefore, the loan has been classifed as long term. Markup on the facility is 3 months KIBOR plus 2% per annum. The facility is secured against first pari passu charge over receivable with 30% in favor of the bank and personal guarantee of the Chief Executive Officer of the Company. The facility is subject to renewal at the expiry.

6.4 This represent term finance facility obtained from Saudi Pak Agricultural & Investment Company Limited of Rs Nil (2019: Rs 130,000,000). The said facility carries markup @ 3 month Kibor plus 3% per annum, subject to quarterly revision, which at the year end stood at 11.22% per annum (2019: 15.97%). This facility is secured by shares of the listed companies along with 35% (2019:35%) margin and personal guarantee of one director of the Company.The facility has matured indifferent dates during the period.

6.5 Rental contracts are made for a fixed period subject to renewal upon mutual consent of Company and lessor. Wherever practicable the Company seeks to include extension option to provide operational flexibility. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. The future lease payments have been discounted using average borrowing rate as at 30 June 2020.

	2020	2019
	-----------Rupees-----------	
Present value of minimum lease payments	385,776	-
Less: current portion of lease liabilities	1,407,048	-
	1,792,824	-

Maturuty analysis

	2020	2019
Not later than 1 year	1,581,840	-
Later than 1 year but not later than five years	395,460	-
	1,977,300	-

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7. STAFF RETIREMENT BENEFITS

7.1 The Company has established a Fund - 'Pearl Securities Limited - Employees' Unfunded Gratuity Scheme' for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 or earlier of cessation of service. The amount of gratuity payable is equal to one months' gross salary for each year of eligible service with the Company subject to a minimum qualifying period of service of 5 years.

7.2 Principal actuarial assumptions

The latest actuarial valuations of the unfunded gratuity scheme was carried out by the valuers Akhtar & Hassan Company as at 30 June 2020. The principal actuarial assumptions based on acturial report for the year ended 30 June 2020 are as follows:

	2020	2019
Discount rate	**9.25%**	14.25%
Salary increase rate	**8.00%**	13.00%

	2020	2019
	------------(Rupees)------------	
7.3 The amounts recognized in statement of financial position		
Present value of defined benefit obligations	**21,005,103**	22,737,000
Fair value of plan assets	**-**	-
Deficit	**21,005,103**	22,737,000
7.4 Movement in present value of defined benefit obligations		
Present value of obligations as at 01 July	**22,737,000**	20,197,602
Current service cost	**2,739,103**	3,429,000
Interest cost on defined benefit obligation	**2,702,000**	2,141,000
Re-measurement gain	**(3,748,000)**	(2,514,000)
Actual benefits paid during the year	**(3,425,000)**	(516,602)
Present value of obligation as at 30 June	**21,005,103**	22,737,000

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	Note	2020	2019
		------------(Rupees)------------	

7.5 Cost recognized in profit or loss

		2020	2019
Current service cost		**2,739,103**	3,429,000
Net Interest		**2,702,000**	2,141,000
		5,441,103	5,570,000

7.6 Sensitivity analysis on significant actuarial assumptions:

		2020	2019
Current Liability		**21,005,103**	22,737,000
Discount rate: +0.5%		**20,069,000**	21,880,000
Discount rate: -0.5%		**22,014,000**	23,661,000
Long term salary increase: +0.5%		**22,021,000**	23,667,000
Long term salary increase: -0.5%		**20,054,000**	21,867,000

8. TRADE CREDITORS, ACCRUED AND OTHER LIABILITIES

		2020	2019
Creditors for purchase of shares	8.1	**108,576,635**	82,458,931
Creditors of PMEX		**6,143**	6,143
Payable to money market clients		**312,506,359**	380,895,974
Payable to forex clients		**175,274**	
Commission payable to traders		**6,281,787**	4,676,342
Accrued and other liabilities		**7,882,109**	9,061,159
		435,428,307	477,098,549

8.1 This includes liability of creditors for purchase of trading shares Rs 21,676,750 dated June 29, 2020 and June 30, 2020 which will be settled after reporting date.

9. SHORT TERM BORROWINGS

		2020	2019
Summit Bank Limited	9.1	**143,382,671**	222,249,465
Silk Bank Limited	9.2	**597,903,897**	681,290,661
Sindh Bank Limited	9.3	**395,281,974**	423,997,971
Askari Bank Limited	9.4	**314,512,506**	5,144,032
Soneri Bank Limited	9.5	**8,109,036**	-
Silk Bank Limited - Term Finance Facility	6.1	**100,000,000**	-
From investment companies - secured			
Saudi Pak Agricultural & Investment Company Limited	9.6	**55,000,000**	-
		1,614,190,084	1,332,682,129

9.1 This represents running finance facility with a limit of Rs.172 million (2019: Rs.350 million) against readily marketable shares of quoted companies and personal guarantee of the Chief Executive Officer of the Company for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 300 bps per annum, which at the year end stood at 11.22% per annum (2019: 15.97% per annum). The facility will expire in March 2021.

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9.2 This represent running finance facility with a limit of Rs. 600 million (2019: Rs. 600 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 250 bps per annum subject to quarterly revisions, which at the year end stood at 11.22% per annum (2019: 15.47% per annum). The facility is secured with first pari passu charge of Rs. 1.14 billion on receivables of the Company. The facility is payable on January 2021.

This facilities is subject to regulatory relief under SBP Circular on Covid 19, with the deferment upto March 31, 2021.

9.3 This represents running finance facility with a limit of Rs. 420 million (2019: Rs. 650 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 375 bps per annum subject to quarterly revisions, which at the year end stood at 14.97% per annum (2019: 16.72% per annum). The facility is secured by pledge of shares of listed companies with 35% margin. The facility will expire in December 2020.

9.4 This represents running finance facility with a limit of Rs. 400 million (2019: Rs. 100 million) for meeting the working capital requirements carrying markup at the rate of 1 month KIBOR plus 200 bps per annum payable on quarterly basis, which at the year end amounted to 10.33% per annum (2019: 14.87% per annum). The facility is secured by pledge of shares with 30% to 50% margin (2019: 30% to 50% margin). The facility will expire in December 2020.

9.5 This represents running finance facility with a limit of Rs. 250 million (2019: Rs. Nil) for meeting the working capital requirements carrying markup at the rate of 6 months KIBOR plus 250 bps per annum payable on quarterly basis, which at the year end amounted to 15.99% per annum (2019: Nil). The facility is secured by pledge of shares with 30% to 50% margin (2019: Nil). The facility will expire in January 2021.

9.6 This represents short term revolving finance facility with a limit of Rs.250 million (2019: Rs.250 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 310 bps per annum payable on quarterly basis, which at the year end amounted to 11.04% per annum (2019: 15.97% per annum). The facility is secured by pledge of shares with 35% margin (2019: 35% margin). The facility will expire in March 2023.

9.7 The unavailed credit facilities by the Company as at year end aggregated to Rs. 571.5 million (2019: Rs. 507.3 million)

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

The Assistant Commissioner SRB, has passed 3 orders in respect of short payment of sales tax amounting to Rs. 280,808,039 along with penalty amounting to Rs. 14,040,401 in respect of financial year 2011 to 2018 on other charges recovered from customers. The Company has filed appeal before the Commissioner Appeals against the impugned order however, decision in appeal is pending. The Company is having fair chance of success in appeal, therefore, no provision has been made in these financial statements.

10.2 Commitments

	2020	2019
	(Rupees)	
Against Future sale	156,674,190	96,404,300
Against future buy	180,775,185	145,347,095

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11. PROPERTY AND EQUIPMENTS

	Note	2020	2019
		(Rupees)	
Property & equipments	11.1	**38,590,029**	40,213,828
Capital work-in-progress		**-**	233,415
		38,590,029	40,447,243

11.1

	Office Premises	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
	30 June 2020					
	(Rupees)					
COST						
As at 1 July 2019	**15,396,625**	**8,446,037**	**5,797,221**	**15,898,851**	**27,311,251**	**72,849,985**
Additions	**-**	**-**	**290,815**	**857,460**	**2,868,500**	**4,016,775**
Disposals	**-**	**-**	**(29,778)**	**(220,000)**	**(2,892,000)**	**(3,141,778)**
As at 30 June 2020	**15,396,625**	**8,446,037**	**6,058,258**	**16,536,311**	**27,287,751**	**73,724,982**
ACCUMULATED DEPRECIATION						
As at 1 July 2019	**-**	**5,330,382**	**2,783,238**	**11,547,804**	**12,974,733**	**32,636,157**
For the year	**-**	**310,892**	**320,398**	**948,880**	**2,316,328**	**3,896,498**
On disposals	**-**	**-**	**(19,737)**	**(202,677)**	**(1,175,288)**	**(1,397,702)**
As at 30 June 2020	**-**	**5,641,274**	**3,083,899**	**12,294,007**	**14,115,773**	**35,134,953**
						-
Written down value	**15,396,625**	**2,804,763**	**2,974,359**	**4,242,304**	**13,171,978**	**38,590,029**

	Office Premises	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
	30 June 2019					
	(Rupees)					
COST						
As at 1 July 2018	15,396,625	8,473,713	6,018,497	15,548,226	30,347,751	75,784,812
Additions	-	-	227,500	569,800	3,020,500	3,817,800
Disposals	-	(27,676)	(448,776)	(219,175)	(6,057,000)	(6,752,627)
As at 30 June 2019	15,396,625	8,446,037	5,797,221	15,898,851	27,311,251	72,849,985
ACCUMULATED DEPRECIATION						
As at 1 July 2018	-	4,988,605	2,536,874	10,714,552	13,192,780	31,432,811
For the year	-	348,511	365,920	1,044,323	3,928,752	5,687,506
On disposals	-	(6,734)	(119,556)	(211,071)	(4,146,799)	(4,484,160)
As at 30 June 2019	-	5,330,382	2,783,238	11,547,804	12,974,733	32,636,157
Written down value	15,396,625	3,115,655	3,013,983	4,351,047	14,336,518	40,213,828
Depreciation rate per annum (%)	**-**	**10**	**10**	**20**	**20**	

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12. RIGHT-OF-USE ASSETS

	Note	2020	2019
		(Rupees)	
As at 01 January,			
Cost (Impact of initial application of IFRS-16)	3.5.1	3,347,008	-
Accumulated depreciation		-	-
Net book value		3,347,008	-
As at December 31,			
Opening net book value		3,347,008	-
Less: depreciation charge for the year		(1,487,559)	-
Closing net book value		1,859,449	-

	Note	2020	2019
		(Rupees)	
As at December 31,			
Cost		3,347,008	-
Accumulated depreciation		(1,487,559)	-
Net book value		1,859,449	-

13. INTANGIBLE ASSETS

	Note	2020	2019
Trading Right Entitlement Certificate (TREC)	13.1	2,500,000	2,500,000
Pakistan Mercantile Exchange Limited - membership card		250,000	250,000
		2,750,000	2,750,000

13.1 This represents TREC received by the Company in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012. These have been recorded at notional value determined by PSX.

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14 LONG TERM INVESTMENTS

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Number Of Shares 2020	Number Of Shares 2019	Name of the Company	2020 Average Cost	2020 Market Value	2019 Market Value
			-----------Rupees-----------		
-	642	Al Shaheer Corporation Limited	-	-	8,089
-	2,063,785	Ansari Sugar Mills Limited	-	-	10,380,839
-	1,000,000	Balochistan Glass Limited	-	-	4,010,000
-	295,000	Dewan Cement Limited	-	-	2,303,950
-	80,000	First Capital Securities Corporation Limited	-	-	59,200
-	411,500	Fauji Foods Limited	-	-	5,427,685
-	200	Ghandara Industries Limited	-	-	17,474
-	2,000	Honda Atlas Cars Limited	-	-	296,640
-	448,500	Power Cement Limited	-	-	2,883,855
-	2,014,953	Pakistan Stock Exchange Limited	-	-	26,194,389
-	17,638,446	Summit Bank Limited	-	-	11,464,990
-	186,000	Sui Northern Gas Pipelines Limited	-	-	12,925,140
-	153,500	Silk Bank Limited	-	-	181,130
-	75,043	The Universal Insurance Company Limited	-	-	337,694
-	1,150	The Searle Company Limited	-	-	168,544
-	10,000	Siddiqsons Tin Plate Limited	-	-	96,900
-	3,093,646	TPL Properties Limited	-	-	25,646,325
-	55,935	TPL Insurance Limited	-	-	1,171,279
-	13,129,169	TRG Pakistan Limited	-	-	214,793,205
-	245,117	Unity Foods Limited	-	-	2,524,705
-	40,904,586		-	-	320,892,032

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15. DEFERRED TAXATION

	2020		
	Opening balance	**Charge / (reversal)**	**Closing balance**
		(Rupees)	
Taxable temporary difference:			
Accelerated depreciation allowance	**(5,039,445)**	**(957,006)**	**(5,996,451)**
Right of Use of assets	**-**	**(539,240)**	**(539,240)**
Deductible temporary difference:			
Provision for doubtful debts	**1,754,689**	**(271,837)**	**1,482,852**
Provision for gratuity	**6,593,730**	**(1,589,170)**	**5,004,560**
Liability against leased assets	**-**	**519,919**	**519,919**
Investments		**556,759**	**556,759**
Re-measurement of staff retirement obligation	**-**	**-**	**-**
Depreciation / Initial allowance unimited C/F	**-**	**1,691,545**	**1,691,545**
	3,308,974	**(589,031)**	**2,719,943**

	2019		
	Opening balance	Charge / (reversal)	Closing balance
		(Rupees)	
Taxable temporary difference:			
Accelerated depreciation allowance	(5,544,494)	505,049	(5,039,445)
Deductible temporary difference:			
Provision for expected credit losses	1,815,195	(60,506)	1,754,689
Provision for gratuity	6,059,281	534,449	6,593,730
	2,329,982	978,992	3,308,974

16. LONG TERM DEPOSITS

	Note	**2020**	2019
		(Rupees)	
Pakistan Stock Exchange Limited	16.1	**11,905,979**	11,655,979
National Clearing Company of Pakistan Limited		**1,200,000**	1,200,000
Pakistan Mercantile Exchange Limited		**3,250,000**	3,250,000
Central Depository Company of Pakistan Limited		**100,000**	100,000
Others		**605,000**	995,000
		17,060,979	17,200,979

16.1 This include amount placed with Pakistan Stock Exchange Limited as a basic deposit for taking exposure in regular and future market and cash deposited Rs 11,205,979 against BMC requirement.

17. SHORT TERM INVESTMENT

	Note	2020	2019
Financial assets classified as FVTPL			
Shares of listed companies - carrying amount	17.1	**21,901,136**	14,551,587
Less: Unrealized loss on revaluation of fair value through profit or loss investments		**(3,711,724)**	(3,294,246)
Fair value as at June 30,		**18,189,412**	11,257,341
Financial assets classified as FVTOCI			
Share of listed companies - average cost	17.2	332,870,118	-
Less: Unrealized gain on revaluation of fair value through profit or loss investments		52,192,897	-
Fair value as at June 30,		**385,063,015**	-
Total Short Term Investment		**403,252,427**	11,257,341

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17.1 Financial assets classified as fair value through profit and Loss

Number Of Shares 2020	Number Of Shares 2019	Name of the Company	2020 Average Cost	2020 Market Value	2019 Market Value
31,000	-	Amreli Steels Limited	**1,087,965**	**1,011,840**	-
-	88,000	Al-Shaheer Corporation Limited	-	-	1,108,800
62,500	-	Askari Bank Limited	**1,281,068**	**856,875**	-
120,000	78,500	The Bank of Punjab	**1,602,481**	**1,008,000**	718,275
13,000	30,000	Engro Polymer Limited	**413,925**	**324,740**	808,800
-	4,900	Honda Atlas Cars Pakistan Limited	-	-	726,768
48,000	-	International Steels Limited	**2,708,962**	**2,479,200**	-
14,700	-	Oil & Gas Development Co Limited	**1,734,372**	**1,639,050**	-
10,200	7,100	Lucky Cement Co Limited	**4,990,370**	**4,708,116**	2,701,337
127,500	79,500	Lotte Chemical Limited	**1,804,537**	**1,268,625**	1,212,375
1,300	-	National Refinery Limited	**128,488**	**139,464**	-
9,400	100	Pak Suzuki Motors Company Limited	**2,140,254**	**1,521,202**	22,896
125,000	-	Pakistan Stock Exchange Limited	**1,553,467**	**1,237,500**	-
-	115,000	Power Cement Limited	-	-	739,450
-	119,000	Sui Southern Gas Company Limited	-	-	2,460,920
289,000	-	Summit Bank Limited	**347,772**	**346,800**	-
-	2,000	Searle Pakistan Limited	-	-	293,120
14,000	-	Tariq Glass Limited	**937,563**	**903,280**	-
-	50,500	Tristar Polyster Limited	-	-	464,600
856,000	-	Worldcall Telecom Limited	**1,169,913**	**744,720**	-
1,721,600	574,600		**21,901,136**	**18,189,412**	11,257,341

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17.2 Financial assets carried at Fair value through other comprehensive income

Number Of Shares 2020	Number Of Shares 2019	Name of the Company	2020 Average Cost (Rupees)	2020 Market Value (Rupees)	2019 Market Value (Rupees)
2,062,285	-	Ansari Sugar Mills Limited	41,244,026	11,981,876	-
73,500	-	Bank Alfalah Limited	3,777,091	2,467,395	-
248,500	-	Dewan Cement Limited	3,610,749	1,933,330	-
997,000	-	First Capital Equities Limited	35,094,380	9,461,530	-
13,200	-	Ferozsons Laboratories Limited	4,863,959	3,965,676	-
200	-	Ghandara Industries Limited	74,700	24,200	-
2,000	-	Honda Atlas Cars Limited	1,300,000	387,360	-
302,500	-	Hascol Petroleum Limited	6,926,153	4,114,000	-
653,000	-	K-Electric Company Limited	3,083,155	1,965,530	-
2,600	-	Murree Brewery Company Limited	1,566,668	1,508,000	-
441,000	-	Power Cement Limited	4,300,740	2,734,200	-
31,400	-	Pakistan State Oil Company Limited	5,968,108	4,966,224	-
39,300	-	Pakistan Petroleum Limited	4,540,116	3,410,454	-
1,632,953	-	Pakistan Stock Exchange Limited	12,658,953	16,166,235	-
899,946	-	Summit Bank Limited	2,760,421	1,079,935	-
77,500	-	Sui Northern Gas Pipelines Limited	5,682,256	4,231,500	-
120,500	-	Sui Southern Gas Company Limited	2,538,427	1,607,470	-
74,543	-	The Universal Insurance Company Limited	745,430	301,899	-
1,150	-	The Searle Company Limited	349,365	229,115	-
10,000	-	Siddiqsons Tin Plate Limited	204,213	92,200	-
63,800	-	TPL Properties Limited	663,844	331,760	-
10,982,669	-	TRG Pakistan Limited	187,136,595	310,150,571	-
175,117	-	Unity Foods Limited	3,780,769	1,952,555	-
18,904,663	-		332,870,118	385,063,015	

17.3 Fair value of shares pledged with banking companies against various short term running finance facilities as at June 30, 2020 amounted to Rs. 1,487 million (2019: Rs. 1,228 million). Total value of pledged securities with financial institutions indicating separately securities belonging to customers is as under:

	June 30, 2020 No. of securities	June 30, 2020 Amount (Rupees)	June 30, 2019 No. of securities	June 30, 2019 Amount (Rupees)
Client	413,587,820	864,824,745	420,269,250	805,749,565
House	154,878,970	622,343,873	153,543,716	422,273,446
Total	568,466,790	1,487,168,618	573,812,966	1,228,023,011

	Note	2020	2019
		(Rupees)	

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18. TRADE DEBTS

	Note	2020	2019
Receivable from client on behalf of;			
Purchase of shares on behalf of clients	18.1	**2,010,956,146**	1,837,846,522
Money market and Forex Brokerage		**39,486,465**	1,335,652
		2,050,442,612	1,839,182,174
Considered doubtful		**5,113,282**	6,050,650
		2,055,555,894	1,845,232,823
Less: Provision for expected credit losses	18.2	**(5,113,282)**	(5,290,938)
		2,050,442,612	1,839,941,886

18.1 This includes an amount of Rs. 260,067,741 (2019: Rs. 422,029,086) receivable from NCCPL against trade of clients.

18.2 Provision against expected credit losses

	2020	2019
As at July 01	**5,290,938**	6,050,650
Charge / (reversal) for the year	**(177,656)**	(759,712)
As at June 30	**5,113,282**	5,290,938

18.3 Treatment of amount receivable from customers

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

18.4 The Company have equity securities under custody having fair value of Rs. 1.79 billion (30 June 2018: 4.301 billion) owned by its clients as collaterals against trade debts. The aging analysis of the trade receivable from clients as at the reporting date is as follows:

	June 30, 2020		June 30, 2019	
	Gross	**Impairment**	Gross	Impairment
	---------- (Rupees) ----------			
Past due 1 day - 30 days	**1,613,151,287**	**-**	1,565,065,705	-
Past due 31 days - 60 days	**8,572,571**	**-**	44,568,289	-
Past due 61 days to 90 days	**16,460,860**	**-**	109,926,143	-
Past due 91 days to 180 days	**40,000,922**	**-**	32,975,791	-
Past due 180 days	**77,816,047**	**5,113,282**	92,696,896	5,290,938
Total	**1,756,001,687**	**5,113,282**	1,845,232,824	5,290,938

18.5 This includes an amount of Rs. 14,414 (2019: Rs. 475) receivable from related parties of the Company. The breakup of which is as follows:

Name of client	**2020**	2019
	---------- (Rupees) ----------	
Mr. Pervez Mirza Chaghtai	**-**	475
Mr. Safeer Ahmad	**14,414**	-
	14,414	475

19. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2020	2019
Advances to staff - secured		**5,290,949**	2,926,278
Trade deposit	19.1	**1,133,802**	38,774,904
Prepayments		**339,022**	2,339,264
Dividend receivable		**-**	155,650
Other deposits and receivables		**3,691,747**	3,659,328
		10,455,520	47,855,424

19.1 This represent deposit with National Clearing Company Pakistan Limited against the exposure margin in respect of trade in future and ready market. These deposits carry profits at rates ranging from 4.5% to 11% (2019:3.5% to 9.35%)

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		Note	2020	2019
			-------- (Rupees) --------	
20.	**CASH AND BANK BALANCES**			
	Cash in hand		**3,739,432**	8,298,110
	At banks:			
	- Client accounts (current)		**87,693,377**	86,624,814
	- Current accounts		**1,518,234**	1,639,348
	- Saving accounts	20.1	**769,809**	883,748
			93,720,852	97,446,020

20.1 The interest rates on saving accounts range from 8% to 12% per annum (2019: 8% to 10%).

20.2 Detail of customer assets held in designated bank accounts and CDC are as follows:

	2020	2019
Customers assets held in the designated bank accounts (Rs.)	**89,252,029**	86,608,984
Customers assets held in the CDC (in numbers)	**706,317,141**	701,802,481

21. OPERATING REVENUE

		2020	2019
Equity Brokerage commission		**110,068,208**	93,838,555
Inter-bank brokerage commission		**28,194,783**	12,085,378
Underwriting & consultancy		**-**	2,395,635
less: Sales tax on income		**(15,906,362)**	(12,461,543)
		122,356,629	95,858,025

22. ADMINISTRATIVE AND OPERATING EXPENSE

	Note	2020	2019
Salaries, benefits and other allowances	22.1	**62,717,246**	68,205,485
Fee for directors meetings		**250,000**	375,000
Insurance		**821,575**	902,214
Utilities		**2,038,105**	2,071,116
Printing and stationery		**760,005**	888,500
Entertainment		**1,381,853**	1,473,837
Communication		**4,637,373**	4,807,743
Vehicle running		**2,808,312**	2,966,481
Repairs and maintenance		**4,884,649**	3,212,765
Travelling and conveyance		**1,027,654**	1,700,275
Depreciation on right-of-use asset	12	**1,487,559**	-
Legal and professional charges		**5,458,754**	2,726,514
Fee and subscriptions		**1,740,124**	6,938,362
Auditors' remuneration	22.2	**420,000**	420,000
Rent, rates and taxes		**5,621,668**	7,315,309
Depreciation	11.1	**3,896,498**	5,687,506
Transaction and settlement cost		**6,023,537**	5,712,729
Business promotion		**6,120,151**	5,298,519
Donations & charity	22.3	**722,446**	1,011,800
Impairment of TREC		**-**	3,035,000
Miscellaneous		**3,940,770**	2,465,508
		116,758,279	127,214,663

22.1 This include remuneration to Chief Executive Officer amounting to Rs 1,800,000 (2019: 1,800,000)

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	Note	2020	2019
		-------- (Rupees) --------	
22.2 Auditors' remuneration			
Statutory audit fee		**370,000**	370,000
Sindh sales tax @ 8% (2018: 8%)		**31,111**	31,111
Out-of-pocket expenses		**18,889**	18,889
		420,000	420,000

22.3 Donation do not include any donee in whom any director or his spouse has any interest.

23. FINANCE COST

	2020	2019
Markup on short term borrowings	**115,152,710**	44,357,045
Markup on long term borrowings	**34,018,174**	52,217,962
Markup on lease facility	**369,656**	-
Bank charges	**276,399**	182,207
	149,816,939	96,757,214

24. OTHER INCOME

	2020	2019
Income from financial assets		
Return on short term investment	-	1,506
Return on margin financing & MTS	**4,660,908**	16,936,382
Dividend income	**886,687**	2,039,175
Return on cash margins with PSX & PMEX	**2,609,834**	2,572,168
Profit from profit and loss sharing account	**130,509**	158,055
	8,287,937	21,707,286
Income from non-financial assets		
Gain on disposal of fixed assets	**917,926**	2,243,233
Markup on advance against land	-	20,231,151
Reversal of provision against expected credit losses	**177,656**	759,712
	1,095,582	**23,234,096**
	9,383,519	**44,941,382**

25. TAXATION

25.1 The Company has filed income tax return for the tax year 2019 (financial year ended June 30, 2019) which is deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by the taxation authorities for audit purposes.

26. (LOSS) PER SHARE - BASIC AND DILUTED

		2020	2019
(Loss) / profit after taxation for the year	Rupees	**(117,715,802)**	(70,832,336)
Weighted average number of ordinary shares	Number of shares	**14,413,600**	14,413,600
(Loss) / earning per share	Rupees	**(8.17)**	(4.91)

26.1 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2020 and June 30, 2019 which would have any effect on the earnings per share.

27. REMUNERATION OF THE CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the Chief Executive and Directors of the Company are given below:

	2020			2019		
	Chief Executive	**Director**	**Executives**	Chief Executive	Director	Executives
	---------- (Rupees) ----------					
Managerial remuneration	**1,800,000**	**-**	**9,526,928**	1,800,000	-	10,494,782
Fee for attending meetings	**50,000**	**200,000**		75,000	300,000	
	1,850,000	**200,000**	**9,526,928**	**1,875,000**	**300,000**	**10,494,782**
	---------- Number ----------					
No. of person(s)	**1**	**4**	**5**	1	4	7

27.1 The Chief Executive Officer is provided with the Company maintained car, in accordance with the Company's policy.

27.2 The total number of employees as at year end were 52 (2019: 64), whereas, average number of employees during the year were 58 (2019: 69).

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidiy risk
- Market risk
- Operational risk

28.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placement or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally from trade debts, loans and advances, trade deposits, bank balances and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits accordingly to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

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The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. These collaterals are subject to market risk as disclosed in note 18.4 which ultimately affects the recoverability of trade debts. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The maximum exposure to credit risk at the reporting date is as follows:

	Carrying amount	
	2020	2019
	---------------- **(Rupees)** ----------------	
Long term deposits	**17,060,979**	17,200,979
Receivable against Margin Financing Transactions	**45,939,784**	23,071,859
Trade debts	**2,050,442,612**	1,839,941,886
Advances, deposits and other receivables	**10,116,498**	45,516,160
Bank balances	**89,981,421**	89,147,909
	2,213,541,294	2,014,878,793

28.1.1 The aging of trade debts has been disclosed in note 18.4 to the financial statements. No impairment has been recognized except as disclosed in respect of these debts as the security against the same is adequate or counter parties have sound financial standing.

All balances are denominated in local currency.

28.1.2 Bank balances

The credit quality of the Company's cash and cash equivalents, held with various commercial banks and financial institutions is assessed with reference to external credit ratings thereof, ranging from AAA+ to A+ assigned by reputable credit rating agencies.

Credit rating and Collaterals

Bank balances are only held with reputable banks having sound credit ratings.The credit quality of company's bank balances can be assessed with reference to external credit rating agencies are as follows:

	Rating Agency	**Short Term Rating**	**Long Term Rating**	**Rupees**	**%**
Bank Al Falah	JCR-VIS	A-1+	AA+	500,202	0.56%
Bank Of Khyber	JCR-VIS	A-1	A	32,203	0.04%
Bank Al Habib	PACRA	A1+	AA+	76,610	0.09%
Summit Bank Limited	-	-	-	10,639,607	11.82%
MCB Bank Limited	PACRA	A1+	AAA	507,386	0.56%
National Bank	JCR-VIS	A-1+	AAA	23,282	0.03%
Js Bank Limited	PACRA	A1+	AA-	615,372	0.68%
Habib Bank Limited	PACRA	A1+	AA+	1,539,281	1.71%
Bank Islami Limited	PACRA	A1	A+	20,069	0.02%
Dubai Islamic Bank	JCR-VIS	A-1+	AA	132,669	0.15%
Meezan Bank Limited	JCR-VIS	A-1+	AA+	2,369,908	2.63%
Askari Bank Limited	JCR-VIS	-	AA-	62,061,533	68.97%
Habib Metropolitant Bank Limited	JCR-VIS	A1+	AA+	11,463,298	12.74%
				89,981,420	

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28.2 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 difficulties in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities:

	2020					
	Carrying amount	Contractual cash flows	Less than six months	Up to one year	One to five years	More than five years
	Rupees					
Financial liabilities						
Long term loan and finances	290,385,776	290,385,776	-		290,385,776	-
Trade creditors, accrued and other liabilities	435,428,307	435,428,307	435,428,307	-	-	-
Accrued mark-up	140,266,714	140,266,714	140,266,714		-	-
Short term borrowings	1,614,190,084	1,614,190,084	1,614,190,084	-	-	-
Cuurent portion of liability against lease assets	1,407,048	1,407,048	1,407,048	-		
	2,480,270,880	2,480,270,880	2,189,885,105	-	290,385,776	-

	2019					
	Carrying amount	Contractual cash flows	Less than six months	Up to one year	One to five years	More than five years
	Rupees					
Financial Liabilities						
Term finance facility	380,000,000	380,000,000	280,000,000	-	100,000,000	-
Trade creditors, accrued and other liabilities	477,098,549	477,098,549	477,098,549	-	-	-
Accrued mark-up	54,838,295	54,838,295	54,838,295	-	-	-
Short term borrowings	1,332,682,129	1,332,682,129	1,332,682,129	-	-	-
	2,244,618,972	2,244,618,972	2,144,618,973	-	100,000,000	-

28.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manage market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. The Company is exposed to interest rate risk and other price risk only.

28.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	Carrying amount	
	2020	2019
	(Rupees)	
Fixed Rate Investment		
- Bank balances in profit and loss sharing accounts	**769,809**	883,748

Sensitivity analysis

The Company does not have any variable rate financial instrument at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect the profit or loss.

A summary of the Company's interest rate gap position, categorized by the earlier of contractual re-pricing or maturity dates as at the year end was as follows:

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	Rate 2020	Rate 2019	Carrying values 2020	Carrying values 2019
			---------- (Rupees) ----------	
Financial assets				
Receivable against margin financing	10% to 20%	10% to 15%	**45,939,784**	23,071,859
Bank balances	8% to 12%	8% to 10%	**89,981,420**	89,147,909
			135,921,203	112,219,769
Financial liabilities				
Term finance facility	10% to 15%	10% to 16%	**390,385,776**	380,000,000
Short term borrowing	0% to 16%	10% to 16%	**1,514,190,084**	1,332,682,129
			1,904,575,860	1,712,682,129
Cumulative gap			**(1,768,654,656)**	(1,600,462,360)

28.3.2 Price risk

Other price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of change in market prices (other than arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's investments in listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities.The Company manages the risk through portfolio diversification, as per recommendation of Investment Committee of the Company. The Committee regularly monitors the performance of investees and assess their financial performance on an on-going basis.

28.3.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

28.4 Operational risk

Operational risk is the risk of direct and 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 risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arise from all of the Company's activities.

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
- requirement for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirement for the periodic assessment of operational risk 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.

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28.5 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.
The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value.

The Company measures fair value of its financial and non-financial assets that are measured at fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.
Level 2: Valuation techniques based on observable inputs
Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of assets that are traded in active markets are based on quoted market prices.

The following table shows fair value of financial assets and financial liabilities, including their levels in the fair value heirarchy.These financial assets and financial liabilities except, short term investments, long term investments and gratuity provision are carried at carrying value and their fair value is approximate to carrying value.

The provision for gratuity is carried out using acturial valuation techniques as described in note:7.2 of financial statements.

	June 30, 2020				Fair Value		
On Balance Sheet Financial Instruments	Assets at fair value through profit or loss	Assets at fair value through other comprehensive income	Assets at amortised cost	Total	Level 1	Level 2	Level 3
	(Rupees)						
Financial Assets							
Long term investments	-	-	-	-	-		
Long term deposits	-	-	17,060,979	17,060,979			
Short term investments	403,252,427	-	-	403,252,427	403,252,427		
Receivable against margin finance transactions			45,939,784	45,939,784			
Trade debts	-	-	2,050,442,612	2,050,442,612			
Advances, deposits, prepayments and other receivables			10,455,520	10,455,520			
Bank balances	-	-	89,981,420	89,981,420			
	403,252,427	-	2,213,880,315	2,617,132,742			
Financial liabilities							
Long term loan and finances	-	-	290,385,776	290,385,776			
Staff retirement benefits	-	-	21,005,103	21,005,103			21,005,103
Trade creditors, accrued and other liabilities	-	-	435,428,307	435,428,307			
Accrued markup	-	-	140,266,714	140,266,714			
Short term borrowings	-	-	1,614,190,084	1,614,190,084			
Current portion of liability against leased assets			1,407,048	1,407,048			
	-	-	2,501,275,983	2,501,275,983			

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On Balance Sheet Financial Instruments	June 30, 2019				Fair Value		
	Assets at fair value through profit or loss	Assets at fair value through other comprehensive income	Assets at amortised cost	Total	Level 1	Level 2	Level 3
	(Rupees)						
Financial Assets							
Long term investments	-	320,892,032	-	320,892,032	320,892,032		
Long term deposits	-	-	17,200,979	17,200,979			
Short term investments	11,257,341	-	-	11,257,341	11,257,341		
Receivable against margin finance transactions	-	-	23,071,859	23,071,859			
Trade debts	-	-	1,839,941,886	1,839,941,886			
Advances, deposits, prepayments and other receivables	-	-	47,855,424	47,855,424			
Bank balances	-	-	89,147,909	89,147,909			
	11,257,341	320,892,032	2,017,218,057	2,349,367,430			
Financial liabilities							
Long term loan and finances			380,000,000	380,000,000			
Staff retirement benefits			22,737,000	22,737,000			22,737,000
Trade creditors, accrued and other liabilities			477,098,549	477,098,549			
Accrued markup			54,838,295	54,838,295			
Short term borrowings			1,332,682,129	1,332,682,129			
			2,267,355,972	2,267,355,973			

29. CAPITAL RISK MANAGEMENT

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

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

Net capital requirements of the Company are set and regulated by PSX. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. The Company manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

30. BASE MINIMUM CAPITAL

In compliance with the Regulation 19.3 of the Rule Book of Pakistan Stock Exchange Limited, every Trading Right Entitlement Certificate (TREC) holder registered as a broker under Securities Brokers (Licensing and Operations) Regulations, 2016 is required to maintain a Base Minimum Capital (BMC) in the amount and form as prescribed in the Rule on the basis of Assets Under Custody (AUC). As per the said regulation, as at 30 June 2019, the Company is required to maintain BMC of Rs. 23 million.

The notional value of TREC, cash deposit and breakup value of shares for the purpose of BMC is determined by PSX as under:

Trading Right Entilement Certificate	13.1	2,500,000
Cash Deposit	16.1	11,205,979
Securitized PSX Shares		15,790,500
		29,496,479

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		2020	2019
		(Rupees)	

31.1. Capital Adequacy Level

	Note	2020	2019
Total assets	31.1.1	**2,674,177,581**	2,411,797,670
less: Total		**(2,502,683,032)**	(2,267,355,973)
less: Revaluation reserve created upon revaluation of fixed		-	-
		171,494,549	144,441,697

31.1.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by Pearl securities limited as at year ended 30 June 2020 as determined by Pakistan Stock Exchange has been considered.

31.2 Net Capital balance

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

DESCRIPTION	VALUATION BASIS		Rupees VALUE
Current Assets			
Cash in hand	As per book value		3,739,432
Cash at bank	As per book value		
- In the name of broker		2,288,043	
- In the name of client		87,693,377	89,981,420
Trade Receivables	Book Value	2,101,495,677	
	Less: Over due for more than 14 days	(346,825,447)	1,754,670,230
Securities purchased for clients	Securities purchased for the clients and held by the member where the payment has not been received within 14 days		321,738,206
Deposits against exposure and losses with Karachi Stock Exchange	As per Book Value		13,653,614
Investment in listed Securities in the name of broker	Market-value	403,252,427	
	Less: 15% discount	(60,487,865)	342,764,562
Listed TFCs / Corporate Bonds (Not less than BBB grade)	Market-value	-	-
	Less: 10% discount	-	
Federal investment bonds/ PIBs	Market-value	-	-
	Less: 5% discount	-	
Treasury Bills	At Market value		-
			2,526,547,464

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Current Liabilities

Trade payables	Book value Less: overdue for more than 30 days	108,576,635 (20,807,110)	87,769,525
Other liabilities	As classified under the generally acceptable accounting principles		2,082,715,518
Trade payables	Overdue by 30 days		20,807,110
			2,191,292,153
Net Capital Balance as at June 30, 2020			**335,255,311**

31.2. **NOTES TO THE NET CAPITAL BALANCE**

(i) STATEMENT OF COMPLIANCE

The statement of Net Capital Balance ("the Statement") of **Pearl Securities Limited** ("the Company") has been prepared in accordance with Rule 2(d) and the Third Schedule of the Securities and Exchange Rules, 1971 and in accordance with the clarifications/ guidelines issued by the Securities and Exchange Commission of Pakistan (SECP).

(ii) BANK BALANCES AND CASH DEPOSITS **Note** ------------- **Rupees** -------------

These are stated at book value.

Cash in hand		**3,739,432**
Bank balance pertaining to:		
Brokerage house	2,288,043	
Client	87,693,377	
Total bank balance		**89,981,420**
Less: adjustment to restrict client account to overall creditors		-
		93,720,852

(iii) The client's bank account balance amounting to <u>**Rs. Nil**</u> has been restricted to overall trade payable balance for the purpose of Net Capital Balance in accordance with clause 1.5 of clarification/guidelines issued by SECP on 03 July 2013.

(iv) TRADE RECEIVABLES

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

	---------- **Rupees** ----------	
Trade receivables	1,756,001,687	
Receivable against margin financing	45,939,784	
Receivable - Forex/MM clients	39,486,465	
Receivable from NCCPL	260,067,741	
Total receivables		**2,101,495,677**

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(v) INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

Listed securities which are on the stock exchange are valued at market rates prevailing as on June 30, 2020 less 15% discount as prescribed in Rule 2(d) of the Third Schedule to the Securities and Exchange Rules, 1971, Securities. On default counter and those not appearing on the exposure list of the stock exchange where such securities are listed have been excluded from the calculation.

Scrip	No. of shares	Market Value	Discount 15%	Carrying Value
ANSM	2,062,285	11,981,876	(1,797,281)	**10,184,595**
ASTL	31,000	1,011,840	(151,776)	**860,064**
AKBL	62,500	856,875	(128,531)	**728,344**
BAFL	73,500	2,467,395	(370,109)	**2,097,286**
BOP	120,000	1,008,000	(151,200)	**856,800**
DCL	248,500	1,933,330	(290,000)	**1,643,330**
ECPL	13,000	324,740	(48,711)	**276,029**
FCEL	997,000	9,461,530	(1,419,230)	**8,042,300**
FEROZ	13,200	3,965,676	(594,851)	**3,370,825**
GHNI	200	24,200	(3,630)	**20,570**
HASCOL	302,500	4,114,000	(617,100)	**3,496,900**
HCAR	2,000	387,360	(58,104)	**329,256**
ISL	48,000	2,479,200	(371,880)	**2,107,320**
KEL	653,000	1,965,530	(294,830)	**1,670,700**
LUCK	10,200	4,708,116	(706,217)	**4,001,899**
LOTCHEM	127,500	1,268,625	(190,294)	**1,078,331**
MUREB	2,600	1,508,000	(226,200)	**1,281,800**
NRL	1,300	139,464	(20,920)	**118,544**
OGDC	14,700	1,639,050	(245,858)	**1,393,192**
POWER	441,000	2,734,200	(410,130)	**2,324,070**
PPL	39,300	3,410,454	(511,568)	**2,898,886**
PSMC	9,400	1,521,202	(228,180)	**1,293,022**
PSO	31,400	4,966,224	(744,934)	**4,221,290**
PSX	1,757,953	17,403,735	(2,610,560)	**14,793,175**
SEARL	1,150	229,115	(34,367)	**194,748**
SMBL	1,188,946	1,426,735	(214,010)	**1,212,725**
SNGP	77,500	4,231,500	(634,725)	**3,596,775**
SSGC	120,500	1,607,470	(241,121)	**1,366,349**
STPL	10,000	92,200	(13,830)	**78,370**
TGL	14,000	903,280	(135,492)	**767,788**
TPLP	63,800	331,760	(49,764)	**281,996**
TRG	10,982,669	310,150,571	(46,522,586)	**263,627,985**
UVIC	74,543	301,899	(45,285)	**256,614**
UNITY	175,117	1,952,555	(292,883)	**1,659,672**
WTL	856,000	744,720	(111,708)	**633,012**
		403,252,427	(60,487,365)	**342,764,562**

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(vi) SECURITIES PURCHASED FOR CLIENTS

These amount represents to the lower of value of securities appearing in the clients respective sub account to the extent of overdue balance for more than 14 days or value of investments.

(vii) TRADE PAYABLES

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

(viii) OTHER LIABILITIES

These represent current liabilities, other than trade payable which are due within 30 days. Other liabilities are stated at book value.

The breakup is as follows:	**---------- Rupees ----------**	
Creditors of PMEX	6,143	
Creditors of Money Market/FX	312,681,633	
Commission payable to traders	6,281,787	
Accrued & other liabilities	7,882,109	
Current portion of liability against leased assets	1,407,048	
Accrued markup	140,266,714	
Short term borrowings	1,614,190,084	**2,082,715,518**

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31.3 **Liquid Capital**

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	38,590,029	100.00%	-
1.2	Intangible Assets	2,750,000	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)		-	
1.4	**Investment in Debt. Securities**			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.		5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.		7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.		10.00%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.		10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.		12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.		15.00%	-
1.5	**Investment in Equity Securities**			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	403,252,427	96,429,049	306,823,378
	ii. If unlisted, 100% of carrying value.		100.00%	
	iii.Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been alloted or are not included in the investments of securities broker.			
	Investment in PSX shares		-	
1.6	Investment in subsidiaries		100.00%	
1.7	**Investment in associated companies/undertaking**			
	i. If listed 20% or VaR of each securities as computed by the Securites Exchange for respective securities whichever is higher.		-	
	ii. If unlisted, 100% of net value.		0.00%	
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	17,060,979	100.00%	-
1.9	Margin deposits with exchange and clearing house.		-	-
1.10	Deposit with authorized intermediary against borrowed securities under SLB.		-	
1.11	Other deposits and prepayments	13,438,202	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)		-	
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties		100.00%	
1.13	Dividends receivables.		-	
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (***Securities purchased under repo arrangement shall not be included in the investments.)***		-	
1.15	Others		100.00%	-
	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	5,290,949	-	5,290,949
	ii. Receivables other than trade receivables	3,691,747	100.00%	-
1.16	**Receivables from clearing house or securities exchange(s)**			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.		100.00%	
	claims on account of entitlements against trading of securities in all markets including MtM gains.			
1.17	**Receivables from customers**		-	
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. ***i. Lower of net balance sheet value or value determined through adjustments.***	45,939,784	13,687,625	32,252,159
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. ***ii. Net amount after deducting haircut***		-	
	iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, ***iii. Net amount after deducting haricut***		-	
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. ***iv. Balance sheet value***	1,644,808,752	-	1,644,808,752
	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. ***v. Lower of net balance sheet value or value determined through adjustments***	405,633,859	69,131,289	336,502,570
	vi. 100% haircut in the case of amount receivable form related parties.		100.00%	
1.18	**Cash and Bank balances**		-	
	I. Bank Balance-proprietory accounts	2,288,043	0.00%	2,288,043
	ii. Bank balance-customer accounts	87,693,377	0.00%	87,693,377

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	iii. Cash in hand			
1.19	**Total Assets**	3,739,432	0.00%	3,739,432
		2,674,177,580		**2,419,398,660**
2. Liabilities				
2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products		-	
	iii. Payable to customers		-	
2.2	**Current Liabilities**	108,576,635	0.00%	108,576,635
	i. Statutory and regulatory dues		-	
	ii. Accruals and other payables		0.00%	-
	iii. Short-term borrowings	328,258,720	0.00%	328,258,720
	iv. Current portion of subordinated loans	1,754,456,798	0.00%	1,754,456,798
	v. Current portion of long term liabilities		-	
	vi. Deferred Liabilities		-	
	vii. Provision for bad debts		-	
	viii. Provision for taxation		-	
	ix. Other liabilities as per accounting principles and included in the financial statements		-	-
2.3	**Non-Current Liabilities**		-	
	i. Long-Term financing		-	
	a. Long-Term financing obtained from financial instituion: Long term portion of financing obtained from a financial institution including amount due against finance lease	290,385,776	100.00%	-
			-	
	b. Other long-term financing			
	ii. Staff retirement benefits		-	
		21,005,103	0.00%	21,005,103
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Boad of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.		-	
	iv. Other liabilities as per accounting principles and included in the financial statements			
2.4	**Subordinated Loans**		-	
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange		-	
	ii. Subordinated loans which do not fulfill the conditions specified by SECP			
2.5	**Total Liabilites**		-	
		2,502,683,032		**2,212,297,256**
3. Ranking Liabilities Relating to :				
3.1	**Concentration in Margin Financing** The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	18,278,007	100%	18,278,007
3.2	**Concentration in securites lending and borrowing** The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (II) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed			
3.3	**Net underwriting Commitments** **(a) in the case of right issuse :** if the market value of securites is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issuse where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting **(b) in any other case :** 12.5% of the net underwriting commitments			
3.4	**Negative equity of subsidiary** The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary			
3.5	**Foreign exchange agreements and foreign currency positions** 5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurency less total liabilities denominated in foreign currency			
3.6	Amount Payable under REPO			
	Repo adjustment			

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3.7	**In the case of financier/purchaser** the total amount receivable under Repo less the 110% of the market value of underlying securites. **In the case of financee/seller** the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
3.8	**Concentrated proprietary positions**			
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position,then 10% of the value of such security	31,015,057	100%	31,015,057
3.9	**Opening Positions in futures and options**			
	i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts			
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met			
3.10	**Short sell positions**			
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts			
	ii. Incase of proprietory positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.			
3.11	**Total Ranking Liabilites**	**49,293,064**		**49,293,064**
				157,808,340

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32. SHARES OF CLIENTS APPEARING IN CDC HOUSE ACCOUNT

	Shares appearing in CDC House A/C	**Shares of the Company**	**Shares of the clients held by the Company**
		No. of shares	
AKD Capital Limited	**200,000**	**-**	**200,000**
TRG Pakistan Limited	**10,984,225**	**10,982,669**	**1,556**
	11,184,225	**10,982,669**	**201,556**

	Shares appearing in CDC House A/C	Shares of the Company	Shares of the clients held by the Company
		No. of shares	
AKD Capital Limited	200,000	-	200,000
TRG Pakistan Limited	13,130,725	13,129,169	1,556
	13,330,725	13,129,169	201,556

33. BALANCES WITH RELATED PARTIES

Related parties comprise directors and their close family members, major shareholders of the Company, key management personnel and other companies under common management. Transactions with related parties are on arm's length. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of chief executive, directors and executives are disclosed in note 27 to these financial statements. Receivables from related parties are disclosed in note 18.5 to these financial statements.

34. OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker.
The Chief operating decision maker is responsible for allocating resources and assessing performance of operating segments.
The internal reporting provided to chief operating decision maker realting to company's assets, liabilities and performance is prepared on a consistant basis with the measurement and recognition principles of approved accounting standarads as applicable in Pakistan

There were no changes in the reportable segments during the year.

All non-current assets of the Company as at June 30, 2020 are located in Pakistan.

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35. DISCLOSURE UNDER REGULATION 5(4) OF RESEARCH ANALYST REGULATIONS, 2015

At present,the company employs 3 membes (2019: 3) in its research department including on Head of

Research and Two Analysts. All members report to Head of Research who in turn reports to CEO.

Compensation structure of research analyts is flat and is subject to qualfication, experience and skillset of the person. However, the compensation of anyone employed in the research department does not in any way depend on the contents / outcome of research report.

During the year ended 30 June 2020, the personnel employed in the Research Department have drawn an aggregate salary and benefits amounting to Rs. 2.51 million (2019: Rs. 4.85 million), which comprises basic salary, medical allowances, gratuity and other benefits as per Company policy.

36. GENERAL

The corresponding figures have been rearranged / reclassified, wherever necessary, for better presentation.

37. Authorization For Issue

These financial statements have been authorized for issue by the Board of Directors of the Company on 23 OCT 2020

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Chief Executive

Director