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**AMPLE SECURITIES  
(PRIVATE) LIMITED**

Financial Statements  
For the year ended June 30, 2018

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# Ample Securities (pvt) Limited

## DIRECTORS' REPORT

The Directors are pleased to present this report on the Company for the financial year ended 30 June 2018.

### **1. Statement of Affairs:**

Summarize financial results are as follows:

Description	Amount
Operating Loss	54.1 M
Loss before tax	54.5 M
Loss after tax	57.7 M

### **2. Review of Operations**

A review of the company's operations during the financial year, and the results of those operations, is as follows:

The company's operations during the year performed as expected in the opinion of the directors.

### **3. Significant changes in the State of Affairs**

No significant changes in the company's state of affairs occurred during the financial year.

### **4. Future Outlook**

We aim to overcome the challenges through better customer understanding, continuous investment in innovations and delivering world class customer experience. We are confident that our dedicated and focused efforts will allow us to provide better value to meet consumers' everyday demands and deliver sustainable growth. The company is confident about the success of its strategic policies and its implementation which are expected to yield positive result in the coming years.

### **5. Dividend**

The Board of Directors have proposed Nil dividend per share.

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**TREC HOLDER: PAKISTAN STOCK EXCHANGE LIMITED**

209, 2nd Floor Business & Finance Centre, II Chundrigar Road Karachi.  
Tell: 32431659, 32467155-56, 32412412



# *Ample Securities (pvt) Limited*

## **6. Going Concern**

The Directors are fully committed for continued financial support to keep the company as going concern.

## **7. Reserve Fund**

No amount has been proposed to transfer in general reserve or other reserve account.

## **8. Auditors**

The present auditors, Reanda Haroon Zakaria and Company are due to retire and being eligible, offer themselves for reappointment for the year ended 30 June 2019.

## **9. Acknowledgement**

The Board is thankful to all the customers, members, bankers, and consultants for their continued trust and support.

The Board would also like to thank all the employees for their dedication and hard work throughout the financial year.

Thanking you all.  
On behalf of the Board

**Chief Executive Officer**

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**TREC HOLDER: PAKISTAN STOCK EXCHANGE LIMITED**

209, 2nd Floor Business & Finance Centre, II Chundrigar Road Karachi.  
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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF AMPLE SECURITIES (PRIVATE) LIMITED  
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the annexed financial statements of **Ample Securities (Private) Limited** which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, statement of 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, statement of profit or loss, statement of 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 June 30, 2018 and of the loss, statement of other comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

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

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

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





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

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

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

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

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

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



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

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

*Reanda Haroon Zakaria & Co.*  
Reanda Haroon Zakaria & Company  
Chartered Accountants

Place: Karachi  
Dated: 06 SEP 2018

**AMPLE SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property and equipment	5	530,173	606,743
Intangibles	6	1,690,000	1,690,000
Long term investments	7	21,353,582	41,163,833
Long term deposit	8	4,895,000	22,395,000
Deferred tax	9	-	-
		<u>28,468,755</u>	<u>65,855,576</u>
<b>Current Assets</b>			
Trade debts	10	4,686,251	6,105,402
Advances and other receivables	11	-	4,488,268
Short-term investments	12	46,401,250	112,446,055
Tax refunds due from government	13	12,500,709	12,423,889
Cash and bank balances	14	606,876	42,616,383
		<u>64,195,086</u>	<u>178,079,997</u>
<b>Total Assets</b>		<u><u>92,663,841</u></u>	<u><u>243,935,573</u></u>
<b><u>CAPITAL AND LIABILITIES</u></b>			
<b>Authorised Share Capital</b>			
30,000,000 Ordinary shares of Rs.10 each		<u>300,000,000</u>	<u>300,000,000</u>
<b>Issued, subscribed and paid-up capital</b>			
Unappropriated profit	15	70,000,000	70,000,000
Gain on re-measurement of investments - available for sale		262,961	58,032,042
		<u>14,249,811</u>	<u>39,887,025</u>
<b>Shareholders' equity</b>		<u>84,512,772</u>	<u>167,919,067</u>
<b>Current Liabilities</b>			
Short term borrowing	16	3,504,755	57,500,000
Trade and other payables	17	4,646,314	18,516,506
		<u>8,151,069</u>	<u>76,016,506</u>
<b>Contingency and Commitment</b>	18		
<b>Total Capital and Liabilities</b>		<u><u>92,663,841</u></u>	<u><u>243,935,573</u></u>

The annexed notes form an integral part of the financial statements.

  
Chief Executive

  
Director

**AMPLE SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
Operating (loss) / profit	19	(45,264,147)	43,627,380
Administrative and operating expenses	20	(8,891,066)	(16,384,704)
<b>(Loss) / Profit from operation</b>		<b>(54,155,213)</b>	<b>27,242,676</b>
Other charges	21	-	(4,311,052)
Other income	22	243,821	47,014
Financial charges	23	(597,192)	(465,791)
		(353,371)	(4,729,829)
<b>(Loss) / Profit before taxation</b>		<b>(54,508,584)</b>	<b>22,512,847</b>
Taxation	24	(3,260,496)	(292,576)
<b>(Loss) / Profit after taxation</b>		<b>(57,769,080)</b>	<b>22,220,271</b>

The annexed notes form an integral part of the financial statements.

  
Chief Executive

  
Director



**AMPLE SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
<b>(Loss) / Profit after taxation</b>	(57,769,080)	22,220,271
<b>Other comprehensive income:</b>		
<i>Item that may be reclassified subsequently to profit and loss account</i>		
(Loss) / Gain on re-measurement of investments available for sale	(12,597,342)	39,887,025
<b>Total comprehensive (loss) / income for the year</b>	<u>(70,366,422)</u>	<u>62,107,296</u>

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

  
*Chief Executive*

  
*Director*

**AMPLE SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Description	Share capital	Reserves			Total
		Revenue	Capital		
		Accumulated (loss) / profit	Gain on remeasurement of Available for Sale investment	Total Reserves	
		----- Rupees -----			
Balance as at June 30, 2016	70,000,000	35,811,771	(1,727,339)	34,084,432	104,084,432
Profit for the year	-	22,220,271	-	22,220,271	22,220,271
Loss transferred to profit and loss account on disposal of investment available for sale	-	-	1,727,339	1,727,339	1,727,339
Gain on re-measurement of investments available for sale	-	-	39,887,025	39,887,025	39,887,025
Balance as at June 30, 2017	70,000,000	58,032,042	39,887,025	97,919,067	167,919,067
Loss for the year	-	(57,769,080)	-	(57,769,080)	(57,769,080)
Gain transferred to profit and loss account	-	-	(13,039,872)	(13,039,872)	(13,039,872)
Loss on re-measurement of investments available for sale	-	-	(12,597,342)	(12,597,342)	(12,597,342)
Balance as at June 30, 2018	70,000,000	262,961	14,249,811	14,512,772	84,512,772

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

  
Chief Executive

  
Director

**AMPLE SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	2018 Rupees	2017 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit after taxation	(54,508,584)	22,512,847
Adjustment for non-cash charges and other items		
Depreciation	76,570	89,557
Gain on disposal of vehicle	-	(47,014)
Impairment of trading right entitlement certificate	-	4,311,052
Capital loss / (gain) on disposal of shares	52,385,441	(26,708,366)
	52,462,011	(22,354,771)
	(2,046,573)	158,076
Changes in Working Capital:		
(Increase) / decrease in current assets		
Advance tax	(76,820)	(3,684,524)
Short-term investment	5,984,458	(115,100,536)
Trade debts	1,419,151	50,077,286
Advances	4,488,268	(4,390,378)
Increase / (decrease) in current liabilities		
Trade and other payables	(13,870,192)	2,151,825
	(2,055,135)	(70,946,327)
Taxation	(3,260,496)	(292,576)
Net cash used in operations	(7,362,204)	(71,080,827)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(47,500)
Sales proceed from disposal of fixed assets	-	418,000
Sales proceed from long term investments	1,847,942	66,881,784
Long term deposit	17,500,000	(18,495,191)
Net cash generated from investing activities	19,347,942	48,757,093
Net increase / (decrease) in cash and cash equivalents (A+B)	11,985,738	(22,323,734)
Cash and cash equivalents at beginning of year	(14,883,617)	7,440,117
Cash and cash equivalents at end of year	25 (2,897,879)	(14,883,617)

The annexed notes form an integral part of the financial statements.

  
Chief Executive

  
Director

**AMPLE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

Ample Securities (Private) Limited was incorporated as a private limited company under the Companies Ordinance, 1984 (Now Companies Act, 2017) on June 12, 2002. The registered office is situated at 209, 2nd floor Business & Finance Centre, I.I Chundrigar Road, Karachi. The Company is a Trading Right Entitlement Certificate Holder of the Pakistan Stock Exchange Limited and member of Pakistan Mercantile Exchange Limited.

The principal activity of company is the business of stock brokerage and portfolio management.

**2 SIGNIFICANT TRANSACTIONS AND EVENTS  
AFFECTING THE COMPANY'S FINANCIAL**

Due to the applicability of Companies Act, 2017 certain disclosures of the financial statements have been presented in accordance with the fifth schedule notified by the Securities and Exchange commission of Pakistan vide S.R.O 1169 dated November 7, 2017.

The financial statements include disclosure requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016 as notified by the Securities and Exchange Commission of Pakistan vide S.R.O 569(I) / 2016 dated June 24, 2016

During the year the Company has loss before taxation of Rs 54,508,584, resulting in accumulated profit of Rs. 262,96, as opposed to accumulated profit of Rs. 58,032,042 for the year ended 30 June, 2017. The Company has suffered capital loss on disposal Rs. 52,385,441. The major reason for reduction in profitability and capital loss has been weakening stock market conditons, whereby the KSE 100 index has fallen from 46,565 to 41,998.

**3 BASIS OF PREPARATION**

**3.1 Statement of Compliance**

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

- International Financial reporting standards (IFRS standards), issued by international Accounting standards Board (IASB) as notified under Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from IFRS standards, 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 the historical cost convention except for investment which are carried at fair value, without any adjustments for the effects of inflation or current values.



### **3.3 Functional and presentation currency**

The financial statements are presented in Pak Rupees, which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest rupee.

### **3.4 Use of estimates and judgments**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows: -

#### ***Property and equipment***

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding affect on the depreciation charge and impairment.

#### ***Intangible assets***

The Company reviews the rate of amortisation and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortisation charge and impairment.

#### ***Trade debts***

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

#### ***Income taxes***

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and establish provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

### **3.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows :

### 3.5.1 New standards

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

- IAS 7 - Statement of Cash Flows - Disclosure initiative - (Amendment)
- IAS 12 - Income taxes - Recognition of Deferred tax Assets for unrealized losses (Amendments)

The adoption of the above revised standards, amendments and improvements does not have any material effect on these financial statements.

### 3.5.2 Standards, amendments and improvements to approved accounting standards that are not yet effective

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

<i>Standard or Interpretation</i>	<i>Effective date (annual periods beginning on or after)</i>
IFRS 2 - Share Based Payments - Classification and Measurement of Share Based payments Transactions (Amendment)	01 January 2018
IFRS 9 - Financial instruments	01 July 2018
IFRS 9 - Prepayment Features with Negative Compensation - (Amendments)	01 January 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 15 - Revenue from Contracts with Customers	01 July 2018
IFRS 16 - Leases	01 January 2019
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts - (Amendments)	01 January 2018
IAS 40 - Investment Property - Transfer of Investment Property (Amendments)	01 January 2018
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 - Long term interests in Associates and Joint ventures (Amendments)	01 January 2019
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 - Uncertainty over Income Tax Treatment	01 January 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for 'FRS 15 - Revenue from contracts with customers. The Company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

### 3.5.3 *Standard or Interpretation*

*Effective date  
(annual periods  
beginning on or after)*

IFRS 14 - Regulatory Deferral Accounts

01 January 2016

IFRS 17 - Insurance Contracts

01 January 2021

## 4 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

### 4.1 *Property and Equipment*

These are initially measured at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment loss if any.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is charged to income using the straight line method at the rates specified in the relevant note. Monthly depreciation is charged on additions during the month while no depreciation is charged on assets in the month of disposal.

The Company reviews the useful lives and residual value of its assets on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, equipment with a corresponding effect on the depreciation charge.

Maintenance and normal repairs are charged to income as and when incurred.

Gain or loss on disposal of an asset is charged to profit and loss account.



## **4.2 Intangible Assets**

An intangible asset is recognized as an assets if it is probable that economic benefits attributable to the assets will flow to the company and cost of the assets can be measured reliably.

Intangible assets having finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Intangible assets having an indenite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company.

An intangible asset with an indefinite useful life is not amortized. However, the carrying amount is reviewed at each reporting date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit and loss account when the asset is derecognised.

## **4.3 Financial instruments**

### **4.3.1 Financial assets**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

#### ***a) Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

#### ***b) Advances and other receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### ***c) Held to maturity***

Held to maturity are financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market, where management has the intention and ability to hold till maturity are carried at amortised cost.



#### *d) Available for sale financial assets*

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the reporting date. Available for sale financial assets in such case are classified as short term investments in the statement of financial position.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised as "Other comprehensive income" are included in the profit or loss as gains and losses on disposal of short term investments. Interest on available for sale securities calculated using effective interest method is recognised as profit or loss. Dividends on available for sale equity instruments are recognised in the profit or loss when the Company's right to receive payments is established.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortised cost using effective interest rate method.

Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in the profit or loss. Changes in the fair value of instruments classified as 'available for sale' are recognised in 'Other comprehensive income' until derecognised or impaired, when the accumulated fair value adjustments recognised in unrealised surplus on revaluation of investments are included in the profit or loss for the year.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each date of statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired.

#### **4.3.2 Financial liabilities**

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are initially measured at cost, which is the fair value of the consideration given.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

#### **4.3.3 Off-setting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Other receivables are recognized and carried at cost which is the fair value of the consideration to be received in the future for goods and services

#### **4.4 Cash and cash equivalents**

These include cash in hand and bank balances and are carried at cost.

#### **4.5 Trade and other payables**

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for client trade and services received up to the year end, whether or not billed to the Company. Trade payables in respect of securities purchased are recorded at settlement date of transaction.

#### **4.6 Taxation**

##### ***Current***

Provision for current taxation is based on taxable income at the current rates for taxation after taking into account tax credit and rebates available, if any in accordance with the Provision of Income Ordinance, 2001. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed/ finalized during the year.

##### ***Deferred***

Deferred tax is provided in full using the liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred tax liabilities are recognized for taxable temporary differences ,while deferred tax assets are recognized for all deductible temporary differences , carry forward of un used tax losses and unused tax credit, to the extent that is probable that taxable profits will be available against which the deductible temporary differences carry forward of unused tax losses and unused tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduce to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax relation to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss account.

#### **4.7 Trade debts**

Trade debts originated by the company are recognized and carried at original invoice amount less provision for doubtful debt. An estimated provision is made when collection of the full amount no longer receivable. Bad debts are written off as and when identified.

Trade receivables in respect of securities sold on behalf of client are recorded at settlement date of transaction.

#### **4.8 Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### **4.9 Revenue**

Brokerage, commission, consultancy and other income are recognised as and when such services are provided

Interest income is recognised on a time proportion basis using the effective interest rate of return.

Capital gain / (loss) on sale of securities are included in profit and loss account on the date at which the transaction takes place.

#### **4.10 Impairment**

##### ***Financial assets***

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

##### ***Non-Financial assets***

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

#### **4.11 Related party transactions**

All transactions with related parties are carried out by the Company at arms' length price using the admissible pricing method.



5 **PROPERTY AND EQUIPMENT**

Particular	Owned					Total
	Computer & allied	Remote Kats	Furniture & fixture	Office Equipment	Vehicle	
	Rupees					
Net book value as at June 30, 2016	41,159	39,144	172,160	387,832	379,491	1,019,786
Additions	-	-	-	-	47,500	47,500
Disposal	-	-	-	-	-	-
Cost	-	-	-	-	(1,769,000)	(1,769,000)
Accumulated depreciation	-	-	-	-	1,398,014	1,398,014
	-	-	-	-	(370,986)	(370,986)
Depreciation charged	(12,348)	(11,743)	(17,216)	(38,783)	(9,467)	(89,557)
Net book value as at June 30, 2017	28,811	27,401	154,944	349,049	46,538	606,743
Depreciation charged	(8,643)	(8,220)	(15,494)	(34,905)	(9,308)	(76,570)
Net book value as at June 30, 2018	20,168	19,181	139,450	314,144	37,230	530,173
At June 30, 2017						
Cost	2,078,493	2,730,000	686,790	1,187,403	121,013	6,803,699
Accumulated depreciation	(2,049,682)	(2,702,599)	(531,846)	(838,354)	(74,475)	(6,196,956)
Net book value	28,811	27,401	154,944	349,049	46,538	606,743
At June 30, 2018						
Cost	2,078,493	2,730,000	686,790	1,187,403	121,013	6,803,699
Accumulated depreciation	(2,058,325)	(2,710,819)	(547,340)	(873,259)	(83,783)	(6,273,526)
Net book value	20,168	19,181	139,450	314,144	37,230	530,173
Rate of depreciation %	30%	30%	10%	10%	20%	



## 6 INTANGIBLES

### Trading Rights Entitlement Certificate (TREC)

	Note	2018 Rupees	2017 Rupees
Pakistan Stock Exchange Limited	6.1	1,000,000	1,000,000

### Membership

Pakistan Mercantile Exchange Limited		250,000	250,000
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### Booths

Pakistan Stock Exchange Limited		440,000	440,000
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<b>1,690,000</b>	<b>1,690,000</b>
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6.1 These represent Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX).

## 7 LONG-TERM INVESTMENT

- Available for sale - at fair value

2018 Number of Shares	2017 Number of Shares		Note	2018 Rupees	2017 Rupees
1,081,194	1,602,953	Pakistan Stock Exchange Limited	7.1	21,353,582	41,163,833

7.1 Investment in shares of Pakistan Stock Exchange Limited is carried at the fair value. 1,081,194 of the total shares remains in Company's CDC account which are frozen.

## 8 LONG-TERM DEPOSITS

Central Depository Company of Pakistan Limited		100,000	100,000
Pakistan Stock Exchange Limited		-	18,200,000
Pakistan Mercantile Exchange Limited		750,000	750,000
NCEL Building Management Limited	7.1	2,500,000	2,500,000
National Clearing Company of Pakistan Limited		1,500,000	800,000
Telephone deposit		45,000	45,000
		<b>4,895,000</b>	<b>22,395,000</b>

8.1 In current year deposit with NCEL Building Management Limited has been reclassified from Pakistan Mercantile Exchange.

		2018 Rupees	2017 Rupees
<b>9 DEFERRED TAX</b>			
Deferred tax		-	-
<i>Deferred taxation comprises differences relating to:</i>			
<b>Credit arise in respect of the following:</b>			
Tax losses		117,669	2,415,592
Unrecognised deferred tax asset		(117,669)	(2,415,592)
		-	-

- 9.1 The deferred tax asset of has not been recognised owing to uncertainty regarding future profitability against which deferred tax asset could be set off.

	Note	2018 Rupees	2017 Rupees
<b>10 TRADE DEBTS</b>			
<i>Considered good</i>			
Receivable from clients	10.1 & 10.2	75,521	4,244,287
Receivable from National Clearing Company of Pakistan Ltd.		4,610,730	1,861,115
		4,686,251	6,105,402
<b>10.1 Receivable from clients</b>			
Considered good		75,521	4,244,287
Considered doubtful		-	18,272
		75,521	4,262,559
Provision for doubtful receivables		-	(18,272)
		75,521	4,244,287

**10.2 Clients securities pledged**

The total value of securities pertaining to clients are Rs. 929.794 million held in sub-accounts of the company. Among which securities of Rs. 76.154 million are pledged by the client to the financial institutions.

		2018 Rupees	2017 Rupees
<b>11 ADVANCES AND OTHER RECEIVABLES</b>			
<i>- Considered good</i>			
Receivables from Chinese consortium		-	4,488,268

**12 SHORT-TERM INVESTMENTS**

*Available for sale - through equity*

In quoted securities	46,401,250	112,446,055
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Fair value of shares pledged with Pakistan Stock Exchange Limited and the banking company amounted to Rs.19.59 million (2017: Rs.27.573 million).

	<i>Note</i>	<i>2018 Rupees</i>	<i>2017 Rupees</i>
<b>13 TAX REFUNDS DUE FROM GOVERNMENT</b>			
Opening tax refund		12,423,889	8,739,365
Provision for the year		(3,260,496)	(292,576)
Refund during the year		-	(2,771,849)
		<u>9,163,393</u>	<u>5,674,940</u>
Tax paid during the year		<u>3,337,316</u>	<u>6,748,949</u>
		<u>12,500,709</u>	<u>12,423,889</u>

#### 14 CASH AND BANK BALANCES

Cash in hand		3,729	3,685
Cash at bank	14.1	<u>603,147</u>	<u>42,612,698</u>
		<u>606,876</u>	<u>42,616,383</u>

##### 14.1 Balance pertaining to :

- brokerage house		599,791	24,868,927
- clients		<u>3,356</u>	<u>17,743,771</u>
		<u>603,147</u>	<u>42,612,698</u>

#### 15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

<i>2018</i>	<i>2017</i>		
<i>Number of Shares</i>			
4,050,000	4,050,000	Ordinary shares of Rs.10 each issued for cash	40,500,000
2,950,000	2,950,000	Ordinary shares of Rs.10 each issued for Consideration other than cash	29,500,000
<u>7,000,000</u>	<u>7,000,000</u>		<u>70,000,000</u>

#### 16 SHORT-TERM BORROWING

<i>- Secured</i>			
<i>- From Banking Company</i>			
Running finance	16.1	3,504,755	-
<i>- Unsecured</i>			
<i>- From Related Party</i>			
Loan from director	16.2	-	57,500,000
		<u>3,504,755</u>	<u>57,500,000</u>

16.1 This represents running finance facility from banking company against sanction limit of Rs.90 million. It is secured against, pledge of shares quoted at Pakistan Stock Exchange Limited, trade receivables and personal guarantee of directors. It carries mark-up @ 3 months KIBOR + 2% per annum.

16.2 This is unsecured and interest free loan obtained from director of the Company.

	<i>Note</i>	<i>2018 Rupees</i>	<i>2017 Rupees</i>
<b>17 TRADE AND OTHER PAYABLES</b>			
Trade creditors		3,356	17,743,771
Accrued liabilities		479,647	772,735
Other liabilities		4,117,440	-
Sindh sales tax payable		45,871	-
		<u>4,646,314</u>	<u>18,516,506</u>

#### **18 CONTINGENCY AND COMMITMENT**

##### *Contingency*

Guarantee issued by bank on behalf of the Company	18.1	<u>10,000,000</u>	<u>10,000,000</u>
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**18.1** The above guarantee has facility limit of Rs. 10 million secured against personal securities of director of the company. The aforesaid guarantee has been furnished to National Clearing Company of Pakistan.

##### *Commitment*

Commitment against unrecorded transactions executed before the year end having settlement date subsequent to year end are as follows:

	<i>Note</i>	<i>2018 Rupees</i>	<i>2017 Rupees</i>
For purchase of shares		<u>17,644,304</u>	<u>91,461,319</u>
For sale of shares		<u>30,560,262</u>	<u>99,569,365</u>

#### **19 OPERATING REVENUE**

Net Brokerage commission	19.1	5,324,045	14,452,529
Capital (loss) / gain on disposal of shares		(52,385,441)	26,708,366
Dividend income		900,239	1,074,062
Interest income		635,644	1,279,724
Share application commission		261,366	112,699
		<u>(45,264,147)</u>	<u>43,627,380</u>

**19.1** Net brokerage commission represent net of commission expense related to dealers' amounting to Rs. 2.996 million (2017: Rs. 13.749 million.)



## 20 ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2018 Rupees	2017 Rupees
Salaries and other benefits		4,650,081	5,448,290
Laga charges		672,087	1,351,531
Donation		250,000	250,000
PSX service charges		15,000	17,000
C.D.C charges		539,783	1,005,318
PSX brokers association		25,000	25,000
PMEX annual fee		76,000	52,000
NCC service charges		403,654	680,934
CGT tariff		-	40,000
SECP expenses		13,980	88,905
Rent, rate and taxes		22,400	12,000
Electricity		260,051	268,201
Telephone and mobile		173,557	200,816
Printing and stationery		35,425	55,305
Vehicle running expenses		-	5,560
Repair and maintenance - Office		167,736	167,736
Repair and maintenance - Generator		30,300	18,000
Travelling expense		272,490	97,000
Conveyance expense		5,060	5,150
Legal and professional charges		72,520	190,600
Professional tax		76,350	76,350
Auditors' remuneration	20.1	205,200	147,500
Entertainment and water charges		26,963	32,652
General expense		128,961	130,153
I.T Service charges		131,575	271,201
Computer supplies and expenses		26,100	204,065
Multi net and Internet expenses		286,808	285,600
Software expenses		247,415	25,426
Bad debts expense		-	5,142,854
Depreciation	4	76,570	89,557
		<u>8,891,066</u>	<u>16,384,704</u>

### 20.1 Auditors' remuneration

Statutory audit fee	140,400	85,000
Certification fee	64,800	60,000
Out of pocket expenses	-	2,500
	<u>205,200</u>	<u>147,500</u>

## 21 OTHER CHARGES

Impairment of trading right entitlement certificate	-	4,311,052
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	2018	2017
	Rupees	Rupees

## 22 OTHER INCOME

### *Income from non-financial assets*

Liabilities written back	243,821	-
Gain on disposal of vehicles	-	47,014
	<u>243,821</u>	<u>47,014</u>

## 23 FINANCIAL CHARGES

Mark up charges	286,668	158,998
Bank charges	310,524	306,793
	<u>597,192</u>	<u>465,791</u>

## 24 TAXATION

Current year	<u>3,260,496</u>	<u>292,576</u>
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## 25 CASH AND CASH EQUIVALENTS

Cash and bank balances	606,876	42,616,383
Short term borrowing	(3,504,755)	(57,500,000)
	<u>(2,897,879)</u>	<u>(14,883,617)</u>

## 26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Followings are the financial assets and liabilities at year end:

### **FINANCIAL ASSETS AND LIABILITIES**

#### *Financial assets*

Long term investments	21,353,582	41,163,833
Short-term investments	46,401,250	112,446,055
Trade debts	4,686,251	6,105,402
Advances and other receivables	-	4,488,268
Cash and bank balances	606,876	42,616,383
	<u>73,047,959</u>	<u>206,819,941</u>

#### *Financial Liabilities*

Short term borrowing	3,504,755	57,500,000
Trade and other payables	4,646,314	18,516,506
	<u>8,151,069</u>	<u>76,016,506</u>

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

Risk managed and measured by the Company are explained below: -

- a) Credit risk
- b) Liquidity risk
- c) Market Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

#### 26.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, Company applies credit limits and deal with credit worthy parties. It makes full provision against those balances considered doubtful and by dealing with variety of major banks and financial institutions.

The carrying amounts of financial assets represent the maximum credit exposure, as specified below: -

	<i>Note</i>	<i>2018 Rupees</i>	<i>2017 Rupees</i>
Long term investments	7	21,353,582	41,163,833
Trade debts	10	4,686,251	6,105,402
Short-term investments	12	46,401,250	112,446,055
Advances and other receivables	11	-	4,488,268
Cash at banks	14.1	603,147	42,612,698
		<u>73,044,230</u>	<u>206,816,256</u>

The maximum exposure to credit risk for trade debtors and other receivables at the balance sheet date are as follows:

	<i>2018</i>	
	<i>Gross Rupees</i>	<i>Impairment Rupees</i>
Past due 1-30 days	4,610,730	-
Past due 31 days - 180 days	-	-
More than 181 days	75,521	-
	<u>4,686,251</u>	<u>-</u>

	2017	
	Gross Rupees	Impairment Rupees
Not past due	2,651,277	-
Past due 1-30 days	3,024,238	-
Past due 31 days - 180 days	182,535	-
More than 181 days	247,352	-
	6,105,402	-

## 26.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities, including estimated interest payments:-

	2018			
	Carrying Amount	Contractual cash flows	Upto one year	More than one year
	----- Rupees -----			
<b>Financial liabilities</b>				
Short term borrowing	3,504,755	3,504,755	3,504,755	-
Trade and other payables	4,646,314	4,646,314	4,646,314	-
	8,151,069	8,151,069	8,151,069	-
	2017			
	Carrying Amount	Contractual cash flows	Upto one year	More than one year
	----- Rupees -----			
<b>Financial liabilities</b>				
Short term borrowing	57,500,000	57,500,000	57,500,000	-
Trade and other payables	18,516,506	18,516,506	18,516,506	-
	76,016,506	76,016,506	76,016,506	-

## 26.3 Market risk

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



### ***Currency Risk***

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Currently the Company is not exposed to any currency risk because the company is not dealing in any foreign currency transactions.

### ***Interest / mark up rate risk***

Financial assets and liabilities include balances of Rs. 0.6 million (2017 : Rs. 42.613 million) which are subject to interest rate risk. Applicable interest/mark-up rates for financial assets and liabilities have been indicated in respective notes.

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows: -

	2018	2017
	<u>Carrying amount</u>	
<b><i>Financial assets</i></b>		
Cash and bank balances	<u>603,147</u>	<u>42,612,698</u>
<b><i>Financial liability</i></b>		
Short term borrowing	<u>3,504,755</u>	<u>57,500,000</u>

### ***Sensitivity analysis***

The Company does not account for any fixed rate financial asset and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument and company does not have any variable rate instrument which effect profit and loss account and equity.

The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	<u>Profit and loss 100 bp</u>	
	<u>increase</u>	<u>decrease</u>
<b><i>As at June 30, 2018</i></b>		
Cash flow sensitivity -Variable rate financial instruments	<u>(3,490)</u>	<u>3,490</u>
<b><i>As at June 30, 2017</i></b>		
Cash flow sensitivity -Variable rate financial instruments	<u>(11,207)</u>	<u>11,207</u>

### **Price risk**

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up 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 or similar financial instruments traded in the market.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable which if not, impairment loss has been recognised and other opportunities may be considered. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the balance sheet date except for, unquoted associates which are carried at fair value determined through latest sales price. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

### **Sensitivity analysis**

The table below summarizes Company's equity price risk as of June 30, 2018 and 2017 and shows the effects of hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worst because of the nature of the equity market and aforementioned concentrations existing in company's equity investment portfolio.

	<i>Fair Value</i>	<i>Hypothetical price change</i>	<i>Estimated fair value after hypothetical change in prices</i>	<i>Hypothetical increase (decrease) in Shareholders' Equity</i>
	<i>Rupees</i>		<i>Rupees</i>	<i>Rupees</i>
<b>June 30, 2018</b>	<b>46,401,250</b>	<b>10% increase</b>	<b>51,041,375</b>	<b>4,640,125</b>
		<b>10% decrease</b>	<b>41,761,125</b>	<b>(4,640,125)</b>
<b>June 30, 2017</b>	<b>112,446,055</b>	<b>10% increase</b>	<b>123,690,661</b>	<b>11,244,606</b>
		<b>10% decrease</b>	<b>101,201,450</b>	<b>(11,244,605)</b>

## **26.4 Fair value of financial instruments**

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

## **26.5 Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows: -

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable).

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>----- Rupees -----</i>		
<b>June 30, 2018</b>			
Investments available for sale	<u>67,754,832</u>	-	-
<b>June 30, 2017</b>			
Investments available for sale	<u>153,609,888</u>	-	-

## 27 CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes during the year ended June 30, 2018.

The Company monitors capital by effective control over expenses and investment. Therefore no debt is taken by the company.

<i>Chief Executive</i>		<i>Director</i>	
<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
<i>----- Rupees -----</i>		<i>----- Rupees -----</i>	

## 28 CHIEF EXECUTIVE REMUNERATION

Managerial remuneration	<u>520,000</u>	<u>563,334</u>	<u>440,001</u>	<u>476,667</u>
House rent allowance	<u>208,000</u>	<u>225,333</u>	<u>176,000</u>	<u>190,667</u>
Utilities	<u>52,000</u>	<u>56,333</u>	<u>44,000</u>	<u>47,666</u>
	<u>780,000</u>	<u>845,000</u>	<u>660,000</u>	<u>715,000</u>
No. of person	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

## 29 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise directors of the Company and key management Personnel. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Transaction with associated undertakings and key management personnel under the term of their employment, are as follows: -

	<i>2018</i>	<i>2017</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>Brokerage income earned from</b>		
Director- Muhammad Hussain	<u>2,970,741</u>	<u>2,577,887</u>
<b>Outstanding balances</b>		
Directors -Trade creditors	<u>-</u>	<u>4,440,916</u>



### 30 PATTERN OF SHAREHOLDINGS

Following are the shareholders having more than 5% holding as at June 30, 2018:

<i>Sr. No.</i>	<i>Name of Shareholders</i>	<i>No. of Shares Held</i>	<i>Percentage %</i>
1	Muhammad Hussain	5,445,250	77.79%
2	Adbul Hameed	577,750	8.25%
3	Muhammad Amin	450,000	6.43%
4	Muhammad Zahid	350,000	5.00%
5	Other minor shareholders	177,000	2.53%
		<u>7,000,000</u>	<u>100.00%</u>

### 31 OPERATING SEGMENT

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 the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan. There were no change in the reportable segments during the year.

The Company is domiciled in Pakistan. The Company's revenue is generated from shares brokerage and portfolio management.

All non-current assets of the Company at June 30, 2018 are located in Pakistan.

### 32 NUMBER OF EMPLOYEES

	<i>2018</i>	<i>2017</i>
Number of employees as at	<u>12</u>	<u>12</u>
Average number of employees	<u>12</u>	<u>12</u>

### 33 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the Board of Directors and were authorized for issue on 06 SEP 2018.

### 34 GENERAL

Figures have been rounded off to the nearest rupee.

  
Chief Executive

  
Director