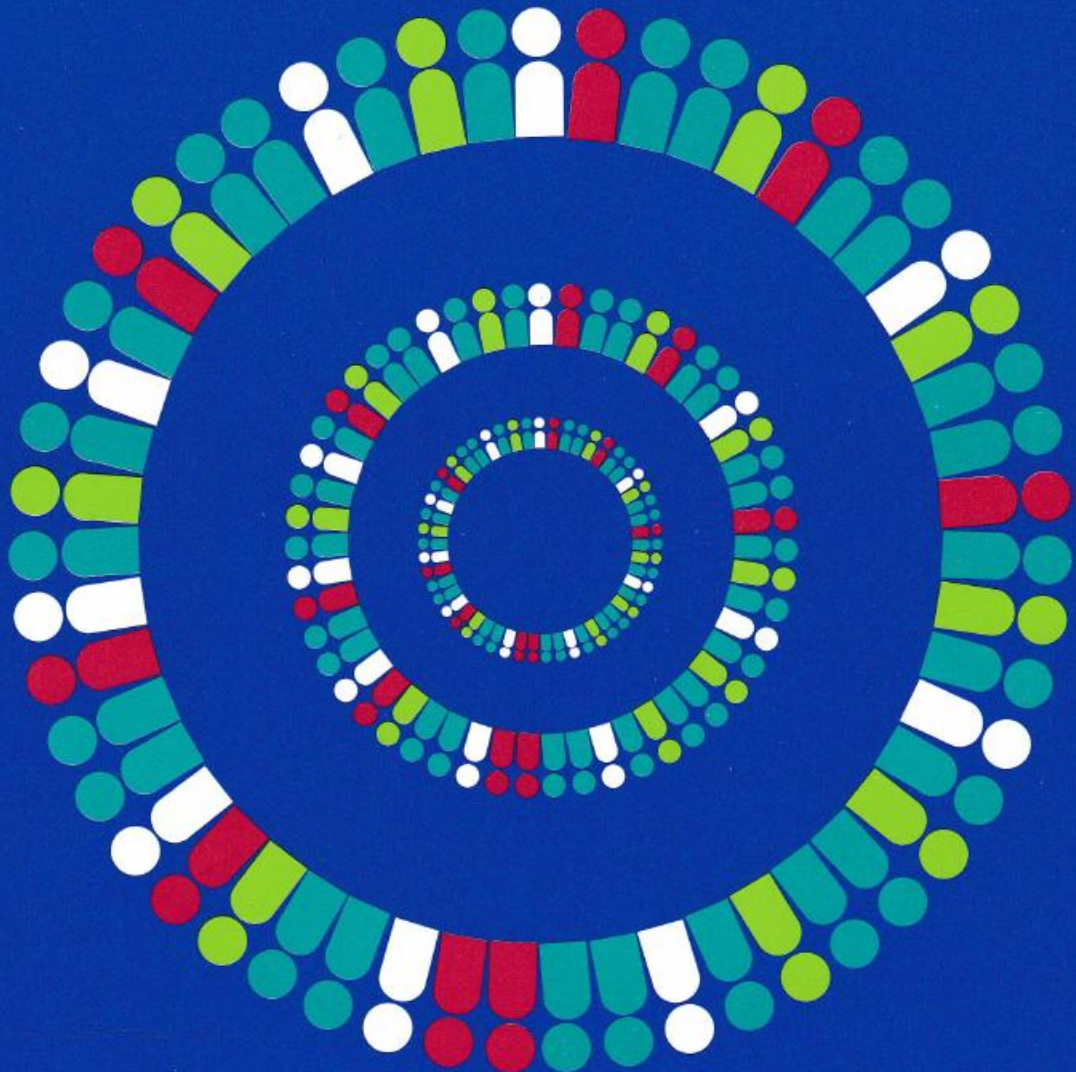


**M.M Securities (Private) Limited
Financial Statements
For the year ended
June 30, 2020**



INDEPENDENT AUDITOR'S REPORT

To the members of **M.M SECURITIES (PRIVATE) LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statement of **M.M SECURITIES (PRIVATE) LIMITED**, which comprise the statement of financial position as at **June 30, 2020** and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flow 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 and other comprehensive income, the statement of changes in equity and statement of cash flow 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, 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, 2020 and of the loss for the year then ended; 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan / Institute of Cost and management Accountants (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 requirement of Companies Act, 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 operation, or has no realistic alternative but to do so. Boards of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017;
- 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 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.

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

UHY Hassan Naeem & Co.
KARACHI

DATE: 02ND October, 2020

ایم ایم سیکورٹیز (پرائیویٹ) لمیٹڈ

ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز۔ اسلام علیکم

آپ کی کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ سالانہ رپورٹ مع 30 جون 2020 کو ختم ہونے والے مالی سال کے پڑتال شدہ مالی گوشوارے پیش کرتے ہیں۔ جسکے غیر مختص منافع (نقصان) کی تفصیل درج ذیل ہے۔

2019	2020	
روپے	روپے	
(16,366,468)	(11,154,106)	منافع (نقصان) قبل از محصول
(161,946)	(129,038)	محصول
(16,528,414)	(11,283,144)	

کمپنی کے موجودہ مالی سال 2019-2020 کے دوران اسٹاک مارکیٹ کا حجم اقتصادی اور سیاسی دباؤ کی وجہ سے گراوٹ کا شکار رہا۔ اس سال کے دوران کوئی 19 کی وجہ سے آخری سہ ماہی میں اسٹاک مارکیٹ بُری طرح سے متاثر ہوئی مارکیٹ میں غیر یقینی صورتحال رہی اور مارکیٹ کا انڈیکس نیچے آ گیا اور مارکیٹ میں شیئرز کی خرید و فروخت کے حجم میں بھی نمایاں کمی ہوئی۔ حکومت کی بہتر معاشی پالیسی کے نتیجے میں اس سال شرح سود میں نمایاں کمی ہونے کی وجہ سے ہم امید کرتے ہیں کہ کاروبار کی صورتحال میں بہتری آئے گی۔

آڈیٹر

ہمارے موجودہ آڈیٹرز UHY Hassan Naeem & Company, Chartered Accountants نے اپنی مدت کی تکمیل پر اپنی خدمات اگلے سال کے لئے پیش کی ہیں۔

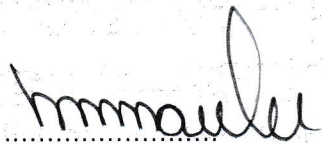
بورڈ آف ڈائریکٹرز

موجودہ بورڈ ممبران کی تفصیل درج ہے۔

1- جناب محمود باقی مولوی


2- محترمہ مدیحہ محمود مولوی

کراچی: 02 اکتوبر 2020



محترمہ مدیحہ محمود مولوی

ڈائریکٹر



جناب محمود باقی مولوی

چیف ایگزیکٹو

M. M. Securities (Pvt.) Limited

DIRECTOR'S REPORT

Dear Shareholders

Assalam-o-Alikum

The Directors of your Company are pleased to present the Annual Report together with Audited Financials Statements of the Company and Auditors' Report thereon for the year ended June 30, 2020. The un-appropriated Profit / (Loss) is tabulated below.

	2020	2019
	<u>RUPEES</u>	<u>RUPEES</u>
Profit / (Loss) before taxation	(11,154,106)	(16,366,468)
Tax for the year	<u>(129,038)</u>	<u>(1,61,946)</u>
Profit / (Loss) after taxation	<u>(11,283,144)</u>	<u>(16,528,414)</u>

During the year stock market badly effected in last quarter due to COVID-19 with low volumes and uncertain conditions in the market, subsequently due to low interest rate in the country and improved economic policies of the Government to boost capital market. We expect market condition will improve to increase in business activities.

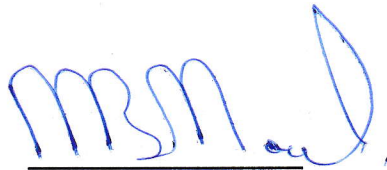
Auditors

The present auditors are UHY Hassan Naeem & Co, Chartered Accountants, being retiring auditors have offered their services for next term.

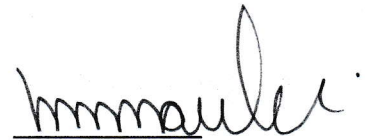
Board of Directors

The current members of Board are listed below

- . **Mr. Mahmood Baqi Moulvi**
- . **Mrs. Madiha Moulvi**



MahmoodBaqiMoulvi
Chief Executive/Director



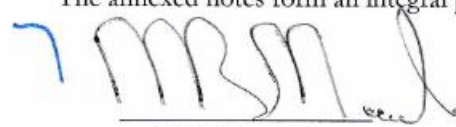
Madiha Moulvi
Director

Karachi :
October 02, 2020

M.M. SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 (Rupees)	2019 (Rupees)
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Property and equipment	4	2,641,183	2,898,184
Intangible assets	5	2,990,000	2,990,000
Investment-at fair value through other comprehensive income	6	15,869,235	20,838,389
Loan to associates	7	65,000,000	10,000,000
Long term deposits	8	7,200,315	2,800,315
		93,700,733	39,526,888
<u>CURRENT ASSETS</u>			
Trade debts	9	1,356,549	31,990,604
Investment-at fair value through profit and loss account	10	2,136,660	2,735,240
Advances, deposits, prepayments & other receivables	11	47,856,325	36,844,264
Cash and bank balances	12	20,829,014	18,154,227
		72,178,548	89,724,335
		165,879,281	129,251,223
<u>EQUITY AND LIABILITIES</u>			
<u>CAPITAL RESERVES</u>			
Authorized capital	13.1	200,000,000	100,000,000
Issued, subscribed and paid-up capital	13.2	155,000,000	100,000,000
Accumulated Profit /(Loss)		(7,601,466)	3,681,678
Surplus/(Deficit) - Investment at fair value through other comprehensive income		(130,763)	4,838,391
		147,267,771	108,520,069
<u>NON-CURRENT LIABILITIES</u>			
Gratuity payable	14	3,012,000	5,915,750
		3,012,000	5,915,750
<u>CURRENT LIABILITIES</u>			
Trade and other payable	15	15,599,510	14,653,458
Provision for taxation		-	161,946
		15,599,510	14,815,404
Contingencies and commitments	16	-	-
		165,879,281	129,251,223

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


Chief Executive


Director

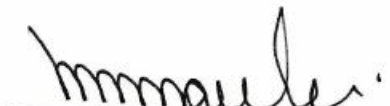
M.M. SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees)	2019 (Rupees)
Revenue from contract with customers	18	8,602,528	12,605,283
Operating and administrative expenses	19	(21,986,452)	(29,543,795)
Provision for bad debts		-	(90,969)
Finance Cost	19	(7,933)	(13,982)
Other income	20	2,237,751	676,995
NET LOSS BEFORE TAXATION		<u>(11,154,106)</u>	<u>(16,366,468)</u>
Taxation	21	(129,038)	(161,946)
NET LOSS AFTER TAXATION		<u><u>(11,283,144)</u></u>	<u><u>(16,528,414)</u></u>

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



Chief Executive



Director

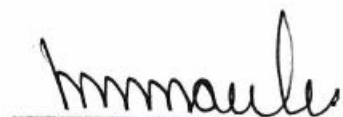
M.M. SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020 <i>(Rupees)</i>	2019 <i>(Rupees)</i>
Profit for the year	(11,283,144)	(16,528,414)
Other Comprehensive Income:		
Unrealised gain/(loss) on revaluation of investments at fair value through other comprehensive income	(4,969,154)	(10,819,933)
TOTAL COMPREHENSIVE INCOME	<u>(16,252,298)</u>	<u>(27,348,347)</u>

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



Chief Executive



Director

M.M. SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid-up capital	Accumulated Profit/(Loss)	Surplus / (Deficit) - Investment at FVTOCI	Total
	<i>Rupees</i>			
Balance as at June 30, 2018	100,000,000	20,210,092	15,658,324	135,868,416
Net (loss) for the year	-	(16,528,414)	-	(16,528,414)
Unrealised gain/(loss) on revaluation of investments at fair value through OCI	-	-	(10,819,933)	(10,819,933)
Balance as at June 30, 2019	100,000,000	3,681,678	4,838,391	108,520,069
Addition in Capital	55,000,000			55,000,000
Net/(loss) for the year	-	(11,283,144)	-	(11,283,144)
Unrealised gain/(loss) on revaluation of investments at fair value through OCI	-	-	(4,969,154)	(4,969,154)
Balance as at June 30, 2020	155,000,000	(7,601,466)	(130,763)	147,267,771

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



Chief Executive



Director

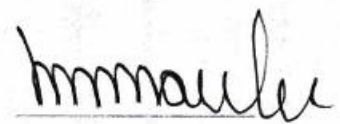
M.M. SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees)	2019 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		(11,154,106)	(16,366,468)
<u>Adjustment for non-cash items:</u>			
Depreciation		257,001	251,470
Dividend income		-	(29,198)
Unrealized (gain)/loss on Investment at fair value through P&L		598,580	1,571,559
Loss allowance		-	90,969
Provision for Gratuity		-	1,427,333
Operating profit before working capital changes		855,581	3,312,133
<u>Changes in working capital</u>			
Decrease / (increase) in trade debts		30,634,055	(27,265,835)
Decrease / (increase) in advances, deposits and prepayments		(10,708,472)	26,389,545
(Decrease) / increase in trade and other payable		784,106	(8,526,020)
Net changes in working capital		20,709,689	(9,402,310)
Taxes paid		(432,627)	(1,306,215)
Gratuity Paid		(2,903,750)	(2,205,000)
Net cash (used in)/generated from operating activities		7,074,787	(25,967,860)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property & equipment			(238,687)
Acquisition/Disposal of investments - net of sales			(17,561)
Loan to Director		(55,000,000)	(6,500,000)
Dividend received			29,198
Deposits		(4,400,000)	515,991
Net cash (used in)/generated from investing activities		(59,400,000)	(6,211,059)
CASH FLOWS FROM FINANCING ACTIVITIES			
Right shares issued		55,000,000	-
Net cash (used in)/generated from financing activities		55,000,000	-
Net increase in cash and cash equivalent		2,674,787	(32,178,919)
Cash and cash equivalent at beginning of the year		18,154,227	50,333,146
Cash and cash equivalent at end of the year		20,829,014	18,154,227

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



Chief Executive



Director

**M.M SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

1 Legal Status and Nature of Business

M.M Securities (Private) limited was incorporated under the Companies Ordinance, 1984 on 9 August 2007 as a private Limited company. The Company is a corporate member of Pakistan Stock Exchange Limited. The registered office of the company is located at room no 3rd floor, M.M. towers, Khayaban-e-Ittehad, Phase-II Extension, D.H.A., and Karachi. The principal activities of the Company are investment and share brokerage.

2 Basis of Preparation

2.1 Statement of Compliance

These financial statements are prepared in accordance with the provisions of the Companies Act, 2017. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention except Investments that are carried at fair value.

2.3 Functional and Presentation Currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company.

2.4 Critical Accounting Estimates and Judgments

The preparation of financial statements is 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 reported amounts of assets and 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 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 recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, value of intangibles and provision for doubtful receivables.

2.5 New Accounting pronouncements

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

Description effective for periods		Effective for periods beginning on or after
IAS 1	Presentation of financial statements (Amendments)	January 01, 2020
IAS 41	Agriculture (Amendments)	January 01, 2022
IFRS 09	Financial Instruments (Amendments)	January 01, 2022
IFRS 16	Leases (Amendments)	June 01, 2020

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

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

Description effective for periods		Effective for periods beginning on or after
IFRS 01	First time adoption of International Financial Reporting Standards	July 01, 2009
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 17	Insurance Contract	January 01, 2022

3 Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

3.1 Taxation

Income tax expense comprises of current, and prior year. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity

3.1.1 Current

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of prior years.

3.1.2 Deferred Tax

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

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

3.2 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account in the period in which they are incurred.

Depreciation on all property and equipment is charged to the profit and loss account using Reducing balance method over the asset's useful life at the rates stated Note no. 4. The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of property and equipment are recognized in the profit and loss account. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate.

3.3 Intangible Assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates stated therein, after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed of. Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

3.4 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 such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized, as an expense in the profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a pretax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. 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 is 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 recognized previously. Reversal of an impairment loss is recognized immediately in profit and loss account.

3.5 Financial Instruments

3.5.1 The company classifies its financial assets in the following three categories:

- a) Financial asset measured at amortized cost
- b) Financial asset measured at fair value through other comprehensive income (FVOCI); and
- c) Financial asset measured at fair value through profit or loss (FVTPL).

a) Financial assets at amortized cost:

A financial asset measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest and interest on principal amount outstanding.

b) Financial assets at FVOCI:

A financial asset is classified at fair value through other comprehensive income either:

It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding; or

It is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the company at initial recognition.

Such financial asset is initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

c) Financial assets at FVTPL:

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or fair value through other comprehensive income, as aforesaid.

Such financial asset is initially measure at fair value.

3.5.2 Initial recognition:

The company recognizes an investment when and only when it becomes party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments is recognized using settlement date accounting. I.e. on the date which settlement of purchase transaction takes place. However, the company follows trade date accounting for its own (the house) investments. Trade date is the date on which the company commits to purchase or sell its asset.

3.5.3 Subsequent measurement:

a) Financial asset measured at amortized cost

These assets are subsequently measured at amortized cost (determined using effective interest rate method) less accumulated impairment losses.

“Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the profit and loss account.

b) Financial asset at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. (Except for investments in equity instruments which are designated as at fair value through other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognized in profit or loss

c) Financial asset at FVPL

These assets are subsequently measured at fair value.

Net gains or losses arising from measurement of such financial assets as well as any interest income accruing thereon are recognized in profit or loss account.

3.5.4 Impairment:

The company's financial asset that is subject to impairment requirements of IFRS 9 is trade and other receivables.

The company applies the IFRS 09 'simplified approach' to measuring expected credit losses which uses a lifetime expected credit loss allowance. The company measures expected credit losses in a way that reflects an unbiased and probability weighted amount, time value of money and reasonable and supportable information at reporting date about past events, current conditions, and forecast of future economic conditions. The company recognizes in profit and loss account, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

3.6 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 if the company has a legal right to set off the transactions and also intends either to set on a net basis or to realize the asset and liability simultaneously.

3.7 Trade Debts:

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

3.8 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 goods and services received.

3.9 Provisions

Provisions are recognized when the Company has present obligation (legal or constructive obligation) as a result of a past event, it is probable that 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. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate

The amount recognized as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

3.10 Revenue Recognition

- Brokerage income is recognized at a point in time as and when transaction is executed.
- Mark-up income, return on bank deposits and balances are recognized on accrual basis.

3.11 Cash and Cash Equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.12 Related Party Transactions

Transactions in relation to sales purchase and services with related parties are made at arm's length price which is determined in accordance with the comparable uncontrolled price method. The related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors and key management employees.

M. M. SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

4. PROPERTY AND EQUIPMENT

Particulars	Cost			Rate %	Depreciation			W.D.V.
	As at July 01, 2019	Additions/ (Deletions)	As at Jun 30, 2020		As at July 01, 2019	For the year	As at Jun 30, 2020	As at June 30, 2020
Office Equipments	630,477	-	630,477	5%	402,910	15,255	418,165	212,312
Furniture & Fixtures	55,615	-	55,615	5%	8,575	2,781	11,356	44,259
Vehicles	6,330,025	-	6,330,025	5%	4,663,223	179,182	4,842,405	1,487,620
Computers	3,575,028	-	3,575,028	5%	2,618,253	59,783	2,678,036	896,992
June 30, 2019	10,591,145	-	10,591,145		7,692,961	257,001	7,949,962	2,641,183
June 30, 2019	10,352,458	238,687	10,591,145		7,441,491	251,470	7,692,961	2,898,184

2020 2019
(Rupees)

5. INTANGIBLE ASSETS

Trading Right Entitlement Certificate (TREC)	5.1	2,500,000	2,500,000
Booth at PSX	5.2	490,000	490,000
		<u>2,990,000</u>	<u>2,990,000</u>

5.1 This represents TREC acquired on surrender of Stock Exchange membership Card. According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed.

6. INVESTMENT-AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investment in shares of Pakistan Stock Exchange	6.1	<u>15,869,235</u>	<u>20,838,389</u>
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6.1 This represents 1,602,953 (2018: 1,602,953) shares of Pakistan Stock Exchange Limited This investment is pledge with PSX against Base Minimum Deposit.

7. LOAN TO ASSOCIATES

Loan to associates	7.1	<u>65,000,000</u>	<u>10,000,000</u>
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7.1 This represents the amount given as short term loan to associate companies, which is repayable on demand.

8. LONG-TERM DEPOSITS

Pakistan Mercantile Exchange - Deposit	1,500,315	1,500,315
Basic Exposure Deposit (Ready,Future,SIF,IPO)	1,200,000	1,300,000
PSX Deposit (BMC)	4,500,000	-
	<u>7,200,315</u>	<u>2,800,315</u>

9 TRADE DEBTS

Trade debts	9.1	1,495,234	32,081,573
less: Loss allowance	9.2	(138,685)	(90,969)
		<u>1,356,549</u>	<u>31,990,604</u>

9.1 Aging Analysis

Less than one year	1,356,549
More than one year	138,685
	<u>1,495,234</u>

10. INVESTMENT-AT FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT

Investment in quoted securities	10.1.	<u>2,136,660</u>	<u>2,735,240</u>
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10.1 Investment in various equity shares carried at market value.

11. ADVANCES, DEPOSITS, PREPAYMENTS OTHER RECEIVABLES

Advance tax - net	12,357,131	12,053,542
Deposits and Prepayments	35,200,474	22,573,258
Loan to staff	82,000	173,950
Other receivables	216,720	2,043,514
	<u>47,856,325</u>	<u>36,844,264</u>

12. CASH AND BANK BALANCES

Cash in hand	9,119	102,565
Cash at bank - Current accounts	20,706,612	17,876,356
- Saving accounts	113,283	175,306
	<u>20,829,014</u>	<u>18,154,227</u>

12.1 This includes bank balances pertaining to client amounting to Rs. 14,602,925.

13. SHARE CAPITAL

13.1 AUTHORIZED SHARE CAPITAL

2020	2019		2020	2019
Number of Shares			(Rupees)	(Rupees)
<u>2,000,000</u>	<u>1,000,000</u>	ordinary shares of Rs. 100 each	<u>200,000,000</u>	<u>100,000,000</u>

13.2 ISSUED SUBSCRIBED AND PAID-UP

2020	2019		2020	2019
Number of Shares			(Rupees)	(Rupees)
<u>1,550,000</u>	<u>1,000,000</u>	ordinary shares of Rs. 100 each fully paid in cash	<u>155,000,000</u>	<u>100,000,000</u>

13.3 PATTERN OF SHAREHOLDING

- i. Mahmood Baqi Moulvi
- ii. Madiha Mahmood Moulvi

No of shares	Percentage of Holding
311,550	20%
<u>1,238,450</u>	80%
<u>1,550,000</u>	

2020 2019
(Rupees)

14. GRATUITY PAYABLE

- Opening
- Amount recognized during the year
- Benefits paid during the year

5,915,750	6,693,417
648,000	1,427,333
(3,551,750)	(2,205,000)
<u>3,012,000</u>	<u>5,915,750</u>

15 TRADE AND OTHER PAYABLE

- Credit balance of clients
- Accrued Expenses
- Payable to NCCPL
- Others

14,602,925	11,594,219
669,502	2,252,734
-	514,113
327,083	292,392
<u>15,599,510</u>	<u>14,653,458</u>

15.1 Credit balances of clients held by the company

<u>14,602,925</u>	<u>11,594,219</u>
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- Number of Securities held by the company

<u>-</u>	<u>24,913,682</u>
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15.2 No Securities of clients is pledged with Financial Institution.

15.3 No Securities of the company is pledged with Financial Institution.

16. CONTINGENCIES AND COMMITMENTS

<u>-</u>	<u>-</u>
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- 16.1 There was a case, filed u/s 122(1)(5) to the Appellate Tribunal Inland Revenue in the year 2010. The decision is still pending, but there are probable chances that outcome of such decision will be in favour of the company. Therefore, no provision has been recognised in this behalf.

18. REVENUE FROM CONTRACT WITH CUSTOMERS

- Brokerage income

17.1

<u>8,602,528</u>	<u>12,605,283</u>
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18.1 Gross Income

- less: Sales tax

- Net Brokerage Income

9,887,963	14,488,831
(1,285,435)	(1,883,548)
<u>8,602,528</u>	<u>12,605,282</u>

2020 2019

(Rupees)

19. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits	15,911,852	23,332,039
Conveyance & Travelling Exp (Fuel)	524,660	612,335
Printing, stationary and periodicals	62,638	109,910
Utilities	577,490	676,759
Communication expense	868,447	953,857
Rent, Rates and Taxes	25,900	30,400
Transaction Charges	568,485	790,687
Fees and Subscription	670,195	337,820
Repair and Maintenance	1,508,422	1,416,342
Insurance	242,164	491,765
Entertainment	48,170	66,007
Legal and Professional	485,675	234,470
Auditors' Remuneration	188,600	173,000
Depreciation	257,001	251,470
Miscellaneous	46,753	66,934
	21,986,452	29,543,794

19.1 FINANCE COST

Bank Charges	7,933	13,982
	7,933	13,982

20. OTHER INCOME

Capital Gain/(Loss) - Investment held for trading	(598,580)	(1,571,559)
Profit on exposure margin	2,792,716	2,122,088
Interest income	43,615	95,822
Dividend Income	-	29,198
Other Income	-	1,446
	2,237,751	676,995

21. TAXATION

The Company has filed return for the tax year 2019. According to Income Tax Ordinance 2001, the return filed is deemed to be an assessment order unless modified by Commissioner of Income Tax.

Provision for taxation

- Current year	129,038	161,946
- Prior year	-	-
- deferred tax	-	-
Net tax charge	129,038	161,946

21.1

21.1. The Company has deferred tax asset however deferred tax asset is not recognised as the company is suffering loss from operations.

22 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

22.1. Financial instrument by category

22.1.1. Financial assets

2020			
At fair value through profit or loss account	At fair value through OCI	At Amortized Cost	Total
Long term loan, advances & deposits	-	72,200,315	72,200,315
Investment at fair value thorough OCI	15,869,235	-	15,869,235
Investment at fair value through P&L	-	-	2,136,660
Trade debts	-	1,356,549	-
Advances, deposits and prepayments	-	35,499,194	35,499,194
Bank balances	-	20,829,014	20,829,014
2,136,660	15,869,235	129,885,072	146,534,418

2019			
At fair value through profit or loss account	At fair value through OCI	At Amortized Cost	Total
Long term loan, advances & deposits	-	2,800,315	2,800,315
Investment at fair value thorough OCI	20,838,389	-	20,838,389
Investment at fair value through P&L	-	-	2,735,240
Trade debts	-	31,990,604	31,990,604
Advances, deposits and prepayments	-	24,790,722	24,790,722
Bank balances	-	18,154,227	18,154,227
2,735,240	20,838,389	77,735,868	101,309,497

22.1.2 Financial Liabilities at amortized cost

2020	
Amount	Total
Gratuity payable	3,012,000
Trade and other Payables	15,599,510
18,611,510	18,611,510

2019	
Amount	Total
Gratuity payable	14,653,458
Trade and other Payables	14,653,458
29,306,916	29,306,916

22.2. Financial risk management

The company primarily invests in marketable securities and are subject to varying degrees of risk.

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
Liquidity risk
Market risk
Operational risk

22.2.1 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 in to 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 placements or other arrangements to fulfil their obligations.

Exposure to Credit risk

Credit risk of the company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The company allows to trade in future contracts after taking appropriate margins.

Credit risk is minimised due to the fact that the company invests only in high quality financial assets, all transactions are settled/paid for upon delivery. The company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is as follows:

	2020	2019
	<i>Rupees</i>	
Long term deposits	7,200,315	2,800,315
Investment at fair value through other comprehensive income	15,869,235	20,838,389
Investment at fair value through Profit and Loss Account	2,136,660	2,735,240
Advances, deposits, prepayments and other receivable	35,499,194	24,790,722
Trade debts	1,356,549	31,990,604
Bank Balances	20,819,895	18,051,662
	<u>82,881,848</u>	<u>101,206,932</u>

22.2.2. Bank Balances

The Analysis below summarizes the credit quality of the company's bank balance:

	2020	2019
	<i>Rupees</i>	
AAA	15,907,252	1,655,450
AA+	4,841,859	16,328,021
A+	50,684	50,684
AA-	20,100	17,507
	<u>20,819,895</u>	<u>18,051,662</u>

The long term ratings above are taken from SBP website and the rating agencies are PACRA and VIS.

22.2.3. Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. 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 dynamic nature of business.

2020					
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Gratuity payable	3,012,000	3,012,000	3,012,000		
Trade and other payables	15,599,510	15,599,510	15,599,510	-	-
	<u>18,611,510</u>	<u>18,611,510</u>	<u>18,611,510</u>	<u>-</u>	<u>-</u>

2019					
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Gratuity payable	5,915,750	5,915,750	5,915,750		
Trade and other payables	14,653,458	14,653,458	14,653,458	-	-
	<u>20,569,208</u>	<u>20,569,208</u>	<u>20,569,208</u>	<u>-</u>	<u>-</u>

On the balance sheet date, the company has cash and bank balances of Rs.20.8 million (2019: 18.1 million) and investments of Rs 18.0 million (2019: 22.7 million) for repayment of liabilities

22.2.4. 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 change in credit rating of the issuer or the instrument, management manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently there is no currency risk as all financial assets and liabilities are in PKR.

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 risk. The company is not exposed to interest rate risk as there is no interest based liability or asset.

Other price risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices(other than those 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 factor affecting all or similar financial instrument traded in the market.

The company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The company manages the equity price through diversification and all instruments are made through surplus funds.

The company is exposed to other price risk on investment in listed shares. 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 the financial performance on on-going basis.

The 10 percent increase/(decrease) in market value of these instruments with all other variables held constant impact on profit and loss account of the company is as follows:

	Before Tax	
	10% Increase	10% Decrease
as at 30th June 2020	213,666	(213,666)
as at 30th June 2019	273,524	(273,524)

22.3 Fair value of Financial instruments

The Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

The company only hold listed assets amounting to Rs 18.0 million (2019: 23.5 million) that are recorded at quoted price.

22.4 Capital risk management

The primary objective of the company's capital risk management is to maintain healthy capital ratios, strong credit rating and optimal capital structure 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 finances its operations through 100% equity with a view to maintain an appropriate mix between various sources of finance to minimise risk.

23 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related Parties Comprise of associated companies , directors, key management personnel and close family members of the directors. Transactions with related parties may be carried out at negotiated rates. Remuneration and benefits to executives of the company are in accordance with the terms of their employment.

Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

	2020	2019
Loan to associates	65,000,000	10,000,000
Directors Remunerations	3,120,000	3,120,000
	68,120,000	13,120,000

24 CAPITAL ADEQUACY LEVEL

Total Assets	165,879,281	129,251,223
Less: Total Liabilities	(18,611,510)	(20,731,154)
Less: Revaluation Reserves	-	-
Capital Adequacy Level	147,267,771	108,520,069

While determining the value of total assets of TREC holder, the Notional value of the TREC held by M.M Securities (Private) Limited as at year ended 30th June 2020 determined by Pakistan Stock Exchange has been considered.

24.1 NET CAPITAL BALANCE AND LIQUID CAPITAL BALANCE

24.1.1 Net Capital Balance As At 30th June 2020

DESCRIPTION		VALUATION BASIS	VALUE
<i>CURRENT ASSETS</i>			
Cash in hand	As per book value		9,119
Cash at bank	Bank balances pertaining to house	6,172,014	
	Bank balances pertaining to client	14,647,880	20,819,894
			33,500,000
Deposits against exposure and losses	As per book value		
Trade Receivable	Book Value	1,495,234	
	Less: overdue for more than 14 days	(1,240,698)	254,536
Listed Securities in the name of	Market value	156,660	
	Less: 15% discount	(23,499)	133,161

Securities purchased for client Securities purchased for the client and held by the member where the payment has not been received within 14 days.

1,049,026

55,765,736

CURRENT LIABILITIES

Trade Payable	Book value	14,602,925	
	Less: Overdue for more than 30 days	(7,628,805)	6,974,120

Other liabilities	Overdue for more than 30 days	7,628,805	
	As classified under the generally accepted accounting principles.	966,180	8,594,985

Net Capital Balance As At 30th June 2020

40,196,631

24.1.2 Liquid Capital Balance As At 30th June 2020

S.No.	Head of Account	Value in Pak Rupee	Hair Cut/ Adjustments	Net Adjusted Value
1	Assets			
1.1	Property & Equipment	2,543,714	2,543,714	
1.2	Intangible Assets	2,990,000	2,990,000	
1.3	Investment in Govt. Securities	-	-	
1.4	Investment in Debt Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			
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.	156,660	23,499	133,161
	ii. If unlisted, 100% of carrying value.			
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.			
	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	17,849,235	17,849,235	
1.6	Investment in subsidiaries			
1.7	Investment in associated companies/undertaking			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.			
	ii. If unlisted, 100% of net value.			
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	2,700,315	2,700,315	
1.9	Margin deposits with exchange and clearing house.	33,500,000	-	33,500,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments			
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			
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	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months			

	ii. Receivables other than trade receivables	66,700,473	66,700,473	
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.			
	ii. Receivable on 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 (ii) 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.			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value.			
	ii. Net amount after deducting haircut			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract,			
	iii. Net amount after deducting haircut			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	212,545	-	212,545
	iv. Balance sheet value			
	v. In case 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.	1,282,688	264,033	1,018,655
	vi. 100% haircut in the case of amount receivable form related parties.			
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	6,172,014	-	6,172,014
	ii. Bank balance-customer accounts	14,647,880	-	14,647,880
	iii. Cash in hand	9,119		9,119
1.19	Total Assets	148,766,643	93,073,269	55,693,374
2	Liabilities			
2.1	Trade Payables			
	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products			
	iii. Payable to customers	14,602,925	-	14,602,925
2.2	Current Liabilities			
	i. Statutory and regulatory dues			
	ii. Accruals and other payables	316,920	-	316,920
	iii. Short-term borrowings			
	iv. Current portion of subordinated loans			
	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	372,009	-	372,009
2.3	Non-Current Liabilities			
	i. Long-Term financing			
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease			
	b. Other long-term financing			
	ii. Staff retirement benefits	3,012,000	-	3,012,000
	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. Board 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 Liabilities	18,303,854	-	18,303,854
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.			
3.2	Concentration in securities 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 issue : if the market value of securities 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 issue 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 currency less total liabilities denominated in foreign currency			
3.6	Amount Payable under REPO			
3.7	Repo adjustment			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received less value of any securities 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	1,784,923	-	1,784,923
3.9	Opening Positions in futures and options			
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying 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. In case 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. In case of proprietary 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 Liabilities	1,784,923	-	1,784,923
3.12	Liquid Capital	128,677,866	93,073,269	35,604,597

25. NUMBER OF EMPLOYEES

	2020	2019
	(Number of employees)	
Total number of employees at June 30, 2020	<u>14</u>	<u>14</u>

26. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on 02 OCT 2020 by the Board of Directors of the company.

27. GENERAL

Figures have been rearranged and reclassified wherever necessary, for the purpose of comparison.



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Director



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