



**REANDA**

**Reanda Haroon Zakaria & Company**  
Chartered Accountants



INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF GMI CAPITAL SECURITIES (PRIVATE) LIMITED  
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

**Opinion**

We have audited the financial statements of GMI Capital Securities (Private) Limited, which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, statement of comprehensive income, statement of cash flows, and statement of changes in equity for the year then ended, and the related notes to the financial statements, including a summary of significant accounting policies, as set out in the financial statements. In our opinion, the financial statements present a true and fair view of the financial position, financial performance and cash flows of the company as at and for the year ended June 30, 2018, in accordance with the accounting policies adopted by the company, and are free from material misstatement, whether due to fraud or error.

**GMI CAPITAL SECURITIES  
(PRIVATE) LIMITED**

Financial Statements  
For the year ended June 30, 2018

As Chartered Accountants, we have acted in accordance with the standards of professional conduct and ethics prescribed by the Institute of Chartered Accountants of Pakistan (ICAP) and we have assumed the wider societal responsibilities as prescribed in the Code of Ethics for Chartered Accountants. We have also assumed the responsibilities as prescribed in the Code of Ethics for Chartered Accountants.

**Expression of Materiality**

We have assessed the materiality of the financial statements and have found that the financial statements are free from material misstatement, whether due to fraud or error.

Our opinion is not qualified or modified in any way.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies adopted by the company, and for the preparation of the summary of significant accounting policies, as set out in the financial statements. It is also the responsibility of management to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF GMI CAPITAL SECURITIES (PRIVATE) LIMITED  
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the annexed financial statements of **GMI Capital Securities (Private) Limited** which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, 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, 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, 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.

**Emphasis of Matter(s)**

- (i) We draw attention towards **Note 5** to the financial statements explaining impact of correction of error under the requirements of IAS – 8 "Accounting policies, Estimates and errors".

Our opinion is not qualified in respect of the above matter.

**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 to design audit procedures that are appropriate in the circumstances, but not for 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 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 Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

#### Other Matter(s)

- (i) The financial statements for the year to which restatement relates other than June 30, 2017 were audited by another firm of chartered accountants who expressed unmodified opinion. The fact is duly communicated to the predecessor auditor.
- (ii) The financial statements for the year ended June 30, 2017 were audited by our firm and are also restated accordingly.

The engagement partner on the audit resulting in this independent auditor's report is **Farhan Ahmed Memon**.



*Farhan Ahmed Memon*  
Farhan Ahmed Memon  
Reanda Farhan Zakaria & Company  
Chartered Accountants

Place: Karachi

Dated: 18 SEP 2018

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

|   |      | 30 June<br>2018           | 30 June<br>2017           | 01 July<br>2016           |
|---|------|---------------------------|---------------------------|---------------------------|
|   | Note | Rupees                    | Rupees                    | Rupees                    |
|   |      |                           |                           | ----- Restated -----      |
| <b><u>ASSETS</u></b>                                |      |                           |                           |                           |
| <b>Non - Current Assets</b>                         |      |                           |                           |                           |
| Property and equipment                              | 6    | 1,292,202                 | 1,373,244                 | 1,372,821                 |
| Investment property                                 | 7    | 12,866,850                | 14,296,500                | 15,885,000                |
| Intangible assets                                   | 8    | 2,500,000                 | 5,250,000                 | 5,250,000                 |
| Long term investment - available for sale           | 9    | 21,353,585                | 41,163,837                | 40,073,830                |
| Long term deposits                                  | 10   | 1,710,000                 | 20,960,036                | 3,964,809                 |
| Deferred taxation                                   | 11   | -                         | -                         | -                         |
|   |      | <u>39,722,637</u>         | <u>83,043,617</u>         | <u>66,546,460</u>         |
| <b>Current Assets</b>                               |      |                           |                           |                           |
| Trade receivables                                   | 12   | 8,933,642                 | 26,754,633                | 37,399,018                |
| Advances, deposits, prepayments & other receivables | 13   | 39,958,915                | 62,460,018                | 31,691,000                |
| Tax refunds due from government - Net               | 14   | 7,157,654                 | 7,224,326                 | 7,453,889                 |
| Short term investment                               | 15   | 32,298,826                | 40,469,010                | 19,699,005                |
| Cash and bank balances                              | 16   | 136,027,003               | 91,730,996                | 60,018,923                |
|   |      | <u>224,376,040</u>        | <u>228,638,983</u>        | <u>156,261,835</u>        |
| <b>Total Assets</b>                                 |      | <u><b>264,098,677</b></u> | <u><b>311,682,600</b></u> | <u><b>222,808,295</b></u> |
| <b><u>EQUITY AND LIABILITIES</u></b>                |      |                           |                           |                           |
| <b>Capital and Reserves</b>                         |      |                           |                           |                           |
| <b>Authorized Share Capital</b>                     |      |                           |                           |                           |
| 1,500,000 Ordinary shares of Rs. 100 each           |      | <u>150,000,000</u>        | <u>150,000,000</u>        | <u>150,000,000</u>        |
| <b>Issued, subscribed and paid - up capital</b>     |      |                           |                           |                           |
| Issued, subscribed and paid - up capital            | 17   | 150,000,000               | 150,000,000               | 150,000,000               |
| Reserves  |      | <u>91,797,371</u>         | <u>118,431,774</u>        | <u>55,961,352</u>         |
|   |      | <u>241,797,371</u>        | <u>268,431,774</u>        | <u>205,961,352</u>        |
| <b>Current Liabilities</b>                          |      |                           |                           |                           |
| Trade payables                                      | 18   | 20,019,781                | 21,537,461                | 15,087,866                |
| Accrued expenses & other liabilities                | 19   | 2,281,525                 | 21,713,365                | 1,759,077                 |
|   |      | <u>22,301,306</u>         | <u>43,250,826</u>         | <u>16,846,943</u>         |
| <b>Contingencies and Commitments</b>                |      |                           |                           |                           |
|   | 20   | -                         | -                         | -                         |
| <b>Total Equities and Liabilities</b>               |      | <u><b>264,098,677</b></u> | <u><b>311,682,600</b></u> | <u><b>222,808,295</b></u> |

The annexed notes from 1 to 38 form an integral part of these financial statements

  
Chief Executive

  
Director

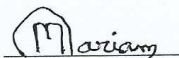
**GMI CAPITAL SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|  | Note | 30 June<br>2018<br>Rupees  | 30 June<br>2017<br>Rupees<br>Restated |
|--|------|----------------------------|---------------------------------------|
| <b>Revenue</b>   |      |                            |                                       |
| Operating revenue  | 21   | 9,777,661 ✓                | 18,613,726                            |
| Capital gain   | 22   | 4,652,804                  | 45,854,790                            |
| Unrealized loss on re - measurement of short term investment |      | <u>(13,514,698)</u>        | <u>(2,976,565)</u>                    |
|  |      | 915,767                    | 61,491,951                            |
| <b>Expenses</b>  |      |                            |                                       |
| Administrative expenses                                      | 23   | <u>(10,026,407)</u>        | <u>(18,107,265)</u>                   |
| Finance cost   | 24   | <u>(29,165)</u>            | <u>(23,313)</u>                       |
|  |      | <u>(10,055,572)</u>        | <u>(18,130,578)</u>                   |
| <b>Operating (loss) / profit</b>                             |      | <u>(9,139,805)</u>         | <u>43,361,373</u>                     |
| Other charges  | 25   | (5,589,447)                | (5,925,840)                           |
| Other income   | 26   | <u>2,754,449</u>           | <u>1,991,725</u>                      |
| <b>(Loss) / profit before taxation</b>                       |      | <u>(11,974,803)</u>        | <u>39,427,258</u>                     |
| <b>Taxation</b>  | 27   | <u>(3,204,091)</u>         | <u>(2,091,141)</u>                    |
| <b>(Loss) / profit after taxation</b>                        |      | <u><u>(15,178,894)</u></u> | <u><u>37,336,117</u></u>              |

The annexed notes from 1 to 38 form an integral part of these financial statements



Chief Executive




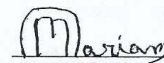
Director

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

|  | <i>30 June<br/>2018<br/>Rupees</i> | <i>30 June<br/>2017<br/>Rupees<br/>Restated</i> |
|--|------------------------------------|---|
| (Loss) / profit for the year                                       | (15,178,894)                       | 37,336,117                                      |
| <b>Other comprehensive (Loss) / income</b>                         |                                    |   |
| (Loss) / gain on re - measurement of available for sale investment | <u>(8,319,509)</u>                 | <u>25,134,305</u>                               |
| <b>Total comprehensive (loss) / income for the year</b>            | <u><u>(23,498,403)</u></u>         | <u><u>62,470,422</u></u>                        |

The annexed notes from 1 to 38 form an integral part of these financial statements

  
*Mariya*  
 Chief Executive

  
*Mariam*  
 Director

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

| Note  | Issued,<br>subscribed and<br>paid - up<br>capital | Reserves   |                                | Sub-Total    | Total<br>Equity |
|---|---|--|--------------------------------|--------------|-----------------|
|   |   | Capital  | Revenue                        |              |                 |
|   |   | Gain / (loss) on re<br>- measurement of<br>AFS investment /<br>(Transfer to profit<br>or loss) | Accumulated<br>profit / (loss) |              |                 |
| ----- Rupees -----  |   |  |                                |              |                 |
| Balance as at 01 July, 2016 - As Previously Reported  | 150,000,000                                       | -  | 54,400,407                     | 54,400,407   | 204,400,407     |
| Impact of addition in Property and Equipment  | -   | -  | 1,500,000                      | 1,500,000    | 1,500,000       |
| Impact of tax refunds due from government   | -   | -  | 947,529                        | 947,529      | 947,529         |
| Impact of depreciation (2008 - 2016)  | -   | -  | (886,584)                      | (886,584)    | (886,584)       |
| 5   | -   | -  | 1,560,945                      | 1,560,945    | 1,560,945       |
| Balance as at 01 July, 2016 - As Restated   | 150,000,000                                       | -  | 55,961,352                     | 55,961,352   | 205,013,823     |
| Profit for the year (Restated)  | -   | -  | 37,336,117                     | 37,336,117   | 37,336,117      |
| Gain on re - measurement of Available For Sale investment                                       | -   | 25,134,305   | -                              | 25,134,305   | 25,134,305      |
| Balance as at June 30, 2017 - Restated  | -   | 25,134,305   | 37,336,117                     | 62,470,422   | 62,470,422      |
|   | 150,000,000                                       | 25,134,305   | 93,297,469                     | 118,431,774  | 267,484,245     |
| Loss for the year   | -   | -  | (15,178,894)                   | (15,178,894) | (15,178,894)    |
| Transfer to statement of profit or loss on account of disposal of available for sale investment | -   | (3,136,000)  | -                              | (3,136,000)  | (3,136,000)     |
| Loss on re - measurement of Available For Sale investment                                       | -   | (8,319,509)  | -                              | (8,319,509)  | (8,319,509)     |
|   |   |  | (26,634,402)                   |              |                 |
| Balance as at June 30, 2018   | 150,000,000                                       | 13,678,796   | 78,118,575                     | 91,797,371   | 240,849,842     |

Rupees

**Break up of capital reserve :**

|                       |                   |
|-----------------------|-------------------|
| Short term investment | 3,137,151         |
| Long term investment  | 10,541,645        |
|                       | <u>13,678,796</u> |

The annexed notes from 1 to 38 form an integral part of these financial statements

  
**Chief Executive**

  
**Director**

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

|   | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees<br>Restated |
|---|---------------------------|---------------------------------------|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |                           |                                       |
| (Loss) / profit before taxation                                 | (11,974,804)              | 39,427,258                            |
| <b>Adjustments for non cash items:</b>                          |                           |                                       |
| Depreciation - investment property                              | 1,429,650                 | 1,588,500                             |
| Depreciation - property and equipment                           | 246,680                   | 275,976                               |
| Provision for doubtful debts                                    | 252,450                   | 5,769,240                             |
| Loss on disposal of PMEX card                                   | 150,000                   | -                                     |
| Loss on disposal of office equipment                            | 18,182                    | -                                     |
| Capital gain  | (4,652,804)               | (45,854,790)                          |
| Liabilities written back  | (211,960)                 | -                                     |
| Decline in value of TREC  | 2,500,000                 | -                                     |
| Loss on re - measurement of short term investment               | 13,514,698                | 2,976,565                             |
| Dividend income   | (1,816,320)               | (1,362,880)                           |
| Finance cost  | 29,165                    | 23,313                                |
|   | <u>11,459,741</u>         | <u>(36,584,076)</u>                   |
| <b>Operating (loss) / profit before working capital changes</b> | <b>(515,063)</b>          | <b>2,843,182</b>                      |
| <b>Decrease / (Increase) in Current Assets</b>                  |                           |                                       |
| Trade debts   | 17,820,991                | 9,205,598                             |
| Advances, deposits, prepayments & other receivables             | 22,248,653                | (35,099,471)                          |
|   | <u>40,069,644</u>         | <u>(25,893,873)</u>                   |
| <b>(Decrease) / Increase in current liabilities</b>             |                           |                                       |
| Trade payables  | (1,517,680)               | 6,449,595                             |
| Accrued expenses & other liabilities                            | (14,731,612)              | 19,954,288                            |
|   | <u>(16,249,292)</u>       | <u>26,403,883</u>                     |
|   | <u>23,305,289</u>         | <u>3,353,192</u>                      |
| Taxes paid  | (3,137,417)               | (1,861,577)                           |
| Finance cost paid   | (29,165)                  | (23,313)                              |
|   | <u>(3,166,582)</u>        | <u>(1,884,890)</u>                    |
| <b>Net cash generated from operating activities</b>             | <b><u>20,138,707</u></b>  | <b><u>1,468,302</u></b>               |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |                           |                                       |
| Long term deposits  | 19,250,036                | (16,995,227)                          |
| Disposal of PMEX card   | 100,000                   | -                                     |
| Short term investment - net                                     | (7,276,659)               | 46,152,519                            |
| Long term investment - net                                      | 10,451,423                | -                                     |
| Dividend income received  | 1,816,320                 | 1,362,880                             |
| Disposal of office equipment                                    | 8,000                     | -                                     |
| Fixed capital expenditure                                       | (191,820)                 | (276,400)                             |
| <b>Net cash generated from investing activities</b>             | <b><u>24,157,300</u></b>  | <b><u>30,243,772</u></b>              |


FINANCIAL SECURITIES (PSE) LTD.  
TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

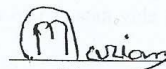
30 June  
2018  
Rupees

30 June  
2017  
Rupees  
Restated

|  |                    |                   |
|--|--------------------|-------------------|
| Net increase in cash and cash equivalents (A+B)        | 44,296,007         | 31,712,073        |
| Cash and cash equivalents at the beginning of the year | 91,730,996         | 60,018,923        |
| Cash and cash equivalents at the end of the year       | <u>136,027,003</u> | <u>91,730,996</u> |

The annexed notes from 1 to 38 form an integral part of these financial statements

  
Chief Executive

  
Director

1. BASIS OF PRESENTATION

1.1. Statement of Compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as applicable to the Company.

The Company has adopted the IFRS standards as issued by the International Accounting Standards Board (IASB) as applicable to the Company.

The Company has adopted the IFRS standards as issued by the International Accounting Standards Board (IASB) as applicable to the Company.

When preparing these financial statements, the Company has applied the IFRS standards as issued by the International Accounting Standards Board (IASB) as applicable to the Company.

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as applicable to the Company.

1.2. Basis of Measurement

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as applicable to the Company.

1.3. Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

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

**1 NATURE AND STATUS OF BUSINESS**

GMI Capital Securities (Private) Limited (the Company) was incorporated in May 22, 2006 as private limited company. The registered office of the company is situated at 705, 7th Floor, Stock Exchange Building, Stock Exchange Road, Karachi, Pakistan. The company is engaged in the business of financial consultancy, brokerage, underwriting and investment counseling. It is a Trading Right Holder of the Pakistan Stock Exchange Limited.

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

Due to the applicability of Companies Act, 2017 certain disclosures of the financial 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 disclosures 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.

**3 BASIS OF PRESENTATION**

**3.1 Statement of Compliance**

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

- International Financial reporting standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 ; and
- Provisions of and directives issued under the Companies Act, 2017.
- Where provisions and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Preparation of financial statements also include disclosure required by Securities Brokers (Licensing and Operations) Regulations, 2016.

**3.2 Basis of Measurements**

These financial statements have been prepared under the historical cost convention, except for derivatives and investment.

**3.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

#### 3.4 Use of estimates and judgments

The preparation of financial statements is in conformity with the approved financial reporting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affects 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 on which form the basis of making 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 is revised if the revision effects only the period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 3.5 Standards, Interpretations and amendments applicable to the financial statements

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

#### 3.6 New standards, interpretations and amendments

The company has adopted the following accounting standards, interpretations and the amendments of IFRSs which became effective for the current year :

- IAS 7 – Statement of Cash flow - Disclosure Initiative - (Amendments).
- IAS 12 – Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments).

The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

#### 3.7 Standards, interpretations and improvements to approved accounting standards that are not yet effective

The following 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<br/>(annual periods<br/>beginning on or after)</i> |
|--|--|
| IFRS 2 – Share Based Payments - Classification and Measurement of Share Based Payment Transactions (Amendments). | 01 January 2018  |
| IFRS 9 – Financial Instruments.  | 01 July 2018   |
| IFRS 9 – Payment Features With Negative Compensation - (Amendments).   | 01 January 2018  |

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

|   |                   |
|---|-------------------|
| 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 (Amendments). | 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: Transfers 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 Treatments.  | 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 IFRS 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 period beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on 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.

**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 |

## **SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **4.1 Property and equipment**

#### ***Owned***

Items of property and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to acquisition of the assets including borrowing costs.

Where major components of an item of property and equipment have different useful life, they are accounted for as separate items of property and equipment.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Disposal of an item of property and equipment is recognized when significant risks and rewards incidental to ownership have been transferred. Gain or loss on disposal are determined by comparing the proceeds with the carrying amount and are recognized within "Other operating income" in the statement of profit or loss.

Depreciation is charged to statement of profit or loss applying the reducing balance method.

Depreciation is charged from the month when asset is available for use while no depreciation is charged in the month of disposal.

### **4.2 Intangible assets**

These stated at the cost less accumulated amortization and impairment losses, if any. Amortization is charged using reducing balance method over assets estimated useful life, after taking into account residual value, useful life and amortization methods are reviewed and adjusted, if appropriate, at reporting 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 off.

Gain or loss on disposal, If any are included in the statement of profit or loss.

#### ***Trading right entitlement certificate and Room***

This is stated at cost less impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of it's recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to it's estimated recoverable amount.

### **4.3 Investment Property**

Property that is held for long - term rental yields or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes, is classified as investment property. Investment property is initially measured at it's cost, including related transaction cost and borrowing costs, if any. Subsequent to initial recognition investment property is measured at cost less accumulated depreciation.

## **Impairment**

A financial asset, other than carried at fair value through profit or loss, is assessed at each reporting date to determine whether there is any objective evidence that is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred and that the loss event has negative effect on the estimated future cash flows of the asset.

In case of investment in equity securities classified as available for sale and measured at fair value, a significant or prolonged decline in the fair value of the security below its cost and considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and current fair value, less any impairment loss on that investment previously recognized, is transferred from other comprehensive income to the statement of profit or loss. Such impairment loss is subsequently reversed through statement of profit or loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in statement of profit or loss.

The carrying amount of the company's non financial assets and investment carried at cost are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognized in the statement of profit or loss.

## **4.5 Investment in shares**

### **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) 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 other categories. They are included in non - current assets unless management intends to dispose of the investments within twelve months from the statement of financial position date.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investment are recognized on settlement date. Financial assets are initially recognized at fair value plus transaction cost except for financial assets at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction cost are expensed in statement of profit or loss. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. 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 investment are carried at amortized cost using the effective interest rate method.

Changes in the fair value of securities classified as available - for - sale are recognized in other comprehensive income. Investments in associates are accounted for using the equity method.

When securities classified as available - for - sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the statement of profit or loss as reclassification adjustment. Interest on available - for - sale securities calculated using the effective interest method is recognized in the statement of profit or loss. Dividends on available - for - sale equity instruments are recognized in the statement of profit or loss when the company's right to receive payments is established.

The fair value of quoted equity instruments are based on current market prices. Subsequent to initial measurement equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment in value, if any.

Fair value is the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Company measures the fair values of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transaction on an arm's length basis.

#### **4.6 Financial Liabilities**

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost using effective interest rate method.

#### **4.7 Offsetting financial instrument**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or realized the assets and settle liabilities simultaneously.

#### **4.8 Trade debts and other receivables**

Trade debts and other receivable are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the company will not be able to collect all amount due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off. The receivable in respect of securities sold on behalf of clients are recorded at settlement date of transaction.

#### **4.9 Fiduciary assets**

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the company and accordingly are not included in these financial statements.

#### **4.10 Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flow includes cash in hand, balances with banks, other short term highly liquid investment with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank over draft / short term borrowings are shown within borrowings in current liabilities in the statement of financial position.

#### **4.11 Share Capital**

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

#### **4.12 Trade and Other payables**

Trade and other payable are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized cost using an effective interest method. Trade payable in respect of securities purchased are recorded at settlement date of transaction.

These are classified as current liabilities if payment is due within one year or less (or in normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

#### **4.13 Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it related to items recognized in other comprehensive income or directly in equity. In this case tax is also recognized in other comprehensive income or directly in equity, respectively.

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

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous year.

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

Deferred tax is recognized using balance sheet method, providing for all temporary differences between carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

#### **4.14 Provisions**

Provisions are recognized when the company has present legal or constructive obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation, and reliable estimates of the amount can be made of the amount of obligation. Provisions are reviewed at the each reporting date and adjusted to reflect current best estimate.

#### **4.15 Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument and are measured initially at fair value. Financial assets are derecognised when the contractual right to cash flow from the financial assets expired or is transferred. Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired. Financial instrument carried on the reporting date include investments, trade debts, other receivable, loans and advances, cash and bank balances, deposits borrowings, trade and other payables and accrued and other liabilities. The particular recognition method adopted are disclosed in the individual policy statement associated with each item.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when the company has legally enforceable right to offset the recognized amount and intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value is the amount for which assets could be exchanged, or liabilities settled, between knowledgeable willing parties in an arm's length transaction on the measurement date.

When available, the company measures the fair value of an investment using quoted price in an active market for the instrument. A market is regarded as active if quoted price are readily and regularly available and represent actual and regularly occurring market transaction on an arm's length basis.

#### **4.16 Revenue recognition**

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

- 1 Brokerage, consultancy, advisory fee and commission etc. are recognized as and when such survives are provided based on settlement date accounting.
- 2 Income from bank deposits, reverse repo and margin deposits is recognized at effective yield on time proportion basis.
- 3 Income from marginal finance is recognized as and when such services are provided.
- 4 Gains / (losses) arising on sale of investment are included in the statement of profit or loss for the period which they arise.
- 5 Unrealized capital gains / (losses) arising from mark to market of investments classified as "financial assets at fair value through profit or loss - held for trading" are included in the statement of profit or loss for the period in which they arise.
- 6 Rental income from investment properties is recognized on accrual basis.
- 7 Other income is recognized on receipt basis.

#### **4.17 Related Party Transactions**

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and condition as third party transactions using valuations models, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

## **CORRECTION OF ERROR**

### **RETROSPECTIVE IMPACT OF CORRECTION OF ERROR**

#### **5.1 Relating to Property and equipment**

The broker was operating as individual broker prior to its incorporation based on membership card acquired from Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Guarantee Limited). Thereafter it has been converted into GMI Capital Securities (Private) Limited Company. However, its office which was acquired as part of payment for card remain unrecorded. The recognition of such is treated as correction of error and such recognition is made in accordance with the requirements of IAS 8 "Accounting policies, Estimates and errors", and is made retrospectively, with the restatement of comparative information. As a result, a third Statement of financial position as at the beginning of the preceding period is presented. (i.e. 01 July, 2016).

The impact of correction of error is summarised below :

|  | <i>Debit<br/>Rupees</i> | <i>Credit<br/>Rupees</i> |
|--|-------------------------|--------------------------|
| Addition in Property and Equipment                             | 1,500,000               |                          |
| Correction of opening retained earnings                        |                         | 1,500,000                |
| Depreciation impact on opening retained earnings (2008 - 2016) | 886,584                 |                          |
| Depreciation expense - 2017                                    | 61,342                  |                          |
| Accumulated Depreciation                                       |                         | 947,926                  |

#### **5.2 Relating to tax refunds due from government**

This represents correction in taxation of prior years representing reduction in tax liability of earlier year and increasing refund of earlier years to reconcile with tax return.

|   | <i>Debit<br/>Rupees</i> | <i>Credit<br/>Rupees</i> |
|---|-------------------------|--------------------------|
| Tax refunds due from government         | 3,954,432               |                          |
| Correction of opening retained earnings |                         | 947,529                  |
| Taxation - (2017)                       |                         | 3,006,903                |

# 6 PROPERTY AND EQUIPMENT

6.1 The following is the statement of property and equipment

| Description                  | Owned Assets           |                 |           |                  |             |             |
|------------------------------|------------------------|-----------------|-----------|------------------|-------------|-------------|
|                              | Furniture and fixtures | Office Premises | Vehicles  | Office equipment | Computers   | Total       |
| ----- Rupees -----           |                        |                 |           |                  |             |             |
| Year ended June 30, 2018     |                        |                 |           |                  |             |             |
| Net carrying value basis     |                        |                 |           |                  |             |             |
| Opening net book value (NBV) | 142,331                | 552,074         | 294,450   | 107,829          | 276,560     | 1,373,244   |
| Additions (at cost)          | 28,200                 | -               | -         | 41,300           | 122,320     | 191,820     |
| Disposals                    |                        |                 |           |                  |             |             |
| Cost                         | -                      | -               | -         | 36,000           | -           | 36,000      |
| Depreciation                 | -                      | -               | -         | (9,818)          | -           | (9,818)     |
| Net Book value               | -                      | -               | -         | (26,182)         | -           | (26,182)    |
| Depreciation charge          | (22,760)               | (55,207)        | (44,168)  | (15,452)         | (109,094)   | (246,680)   |
| Closing net book value       | 147,771                | 496,867         | 250,283   | 107,495          | 289,787     | 1,292,202   |
| Gross carrying value basis   |                        |                 |           |                  |             |             |
| Cost                         | 601,889                | 1,500,000       | 1,110,700 | 404,303          | 1,874,381   | 5,491,273   |
| Accumulated depreciation     | (454,118)              | (1,003,133)     | (860,418) | (296,808)        | (1,584,595) | (4,199,071) |
| Net book value               | 147,771                | 496,867         | 250,283   | 107,495          | 289,787     | 1,292,202   |

| Owned Assets     |                           |                    |          |                     |           |       |
|------------------|---------------------------|--------------------|----------|---------------------|-----------|-------|
| Description      | Furniture<br>and fixtures | Office<br>Premises | Vehicles | Office<br>equipment | Computers | Total |
| -----Rupees----- |                           |                    |          |                     |           |       |

Year ended June 30, 2017

Net carrying value basis

Opening net book value (NBV) (Restated)

Additions (at cost)

Depreciation charge (Restated)

Closing net book value

Gross carrying value basis

Cost (Restated)

Accumulated depreciation (Restated)

Net book value

Depreciation rate

|           |           |           |           |             |             |
|-----------|-----------|-----------|-----------|-------------|-------------|
| 167,448   | 613,416   | 346,412   | 114,958   | 130,586     | 1,372,820   |
| -         | -         | -         | 11,900    | 264,500     | 276,400     |
| (25,117)  | (61,342)  | (51,962)  | (19,029)  | (118,526)   | (275,976)   |
| 142,331   | 552,074   | 294,450   | 107,829   | 276,560     | 1,373,244   |
| 573,689   | 1,500,000 | 1,110,700 | 399,003   | 1,752,061   | 5,335,453   |
| (431,358) | (947,926) | (816,250) | (291,174) | (1,475,501) | (3,962,209) |
| 142,331   | 552,074   | 294,450   | 107,829   | 276,560     | 1,373,244   |
| 15%       | 10%       | 15%       | 15%       | 30%         |             |

|                                 |     | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees |
|---------------------------------|-----|---------------------------|---------------------------|
| <b>INVESTMENT PROPERTY</b>      |     |                           |                           |
| <b>Cost</b>                     |     |                           |                           |
| Opening                         | 7.1 | 17,650,000                | 17,650,000                |
| Additions (at Cost)             |     | -                         | -                         |
| Disposals (at NBV)              |     | -                         | -                         |
| Closing                         |     | 17,650,000                | 17,650,000                |
| <b>Accumulated depreciation</b> |     |                           |                           |
| Opening at July 01              |     | (3,353,500)               | (1,765,000)               |
| Charge for the year             | 23  | (1,429,650)               | (1,588,500)               |
| Closing                         |     | (4,783,150)               | (3,353,500)               |
| NBV at June 30                  |     | 12,866,850                | 14,296,500                |
| Rate of depreciation            |     | 10%                       | 10%                       |

7.1 These represents two offices in old stock exchange building.

#### 8 INTANGIBLE ASSETS

|  |     |             |           |
|--|-----|-------------|-----------|
| Trading Rights Entitlement Certificate                 |     | 5,000,000   | 5,000,000 |
| Less: Decline in value                                 | 25  | (2,500,000) | -         |
|  | 8.1 | 2,500,000   | 5,000,000 |
| Membership card - Pakistan Mercantile Exchange Limited | 8.2 | -           | 250,000   |
|  |     | 2,500,000   | 5,250,000 |

8.1 The company has recognised decline in value of TREC amounting to Rs. 2.5 million based on PSX notice / N-1245 dated February 26, 2018 indicating fee for new TREC Certificate amounts to 2.5 million.

8.2 During the year the company has entered into transaction for the disposal of following to Adam Commodities (Private) limited the book value and sale proceeds are as follows :

|  |    | 30 June<br>2018<br>Rupees |
|--|----|---------------------------|
| <b>Book Value</b>  |    |                           |
| Membership card - Pakistan Mercantile Exchange Limited         |    | 250,000                   |
| Pakistan Mercantile Exchange Limited                           | 10 | 750,000                   |
| Deposit against office at Pakistan Mercantile Exchange Limited | 10 | 2,500,000                 |
|  |    | 3,500,000                 |
| Less : Sale proceeds   |    | (3,350,000)               |
| Loss on disposal   | 26 | 150,000                   |

The above loss relates to PMEX card as the deposits were disposed at book value.

#### 9 LONG TERM INVESTMENT - AVAILABLE FOR SALE

| 30 June<br>2018 | 30 June<br>2017 |  | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees |
|-----------------|-----------------|--|---------------------------|---------------------------|
| 1,081,194       | 1,602,953       | Investment in shares of Pakistan Stock Exchange Limited - available for sale | 10,811,940                | 16,029,532                |
|                 |                 | Unrealized gain on remeasurement   | 10,541,645                | 25,134,305                |
| 1,081,194       | 1,602,953       |  | 21,353,585                | 41,163,837                |

- 17 This represents shares of Pakistan Stock Exchange Limited (PSX) acquired in pursuance of corporatization and demutualization of PSX as a public company limited by shares. As per the arrangements the authorized and paid-up capital of PSX is Rs.10,000,000,000 and Rs.8,014,766,000 respectively with a par value of Rs.10 each. The paid-up capital of PSX is equally distributed among 200 members of PSX by issuance of 4,007,383 shares to each member.

|  | Note | Number of shares |
|--|------|------------------|
| 9.2 Break up of shares received and transacted is as follows : |      |                  |
| Shares transferred to Chinese consortium                       |      | 1,602,953        |
| Shares sold to general public                                  | 9.3  | 1,001,477        |
| Shares in hand   | 9.4  | 1,402,953        |
|  |      | <u>4,007,383</u> |

9.3 Shares sold to general public

|              |                  |
|--------------|------------------|
| Prior year   | 801,477          |
| Current year | 200,000          |
|              | <u>1,001,477</u> |

9.4 Shares in hand

|   |     |                  |
|---|-----|------------------|
| Long term investment - available for sale                               | 9.5 | 1,081,194        |
| Transferred to short term investment - available for sale when unfreeze |     | 321,759          |
|   |     | <u>1,402,953</u> |

- 9.5 Currently these are not available for trading and are classified as long term investment - available for sale.

|  | Note | 30 June 2018<br>Rupees | 30 June 2017<br>Rupees |
|--|------|------------------------|------------------------|
| 10 LONG TERM DEPOSITS  |      |                        |                        |
| Pakistan Stock Exchange Limited                                | 10.1 | 10,000                 | 16,010,036             |
| National Clearing Company of Pakistan Limited                  | 10.2 | 1,600,000              | 1,600,000              |
| Central Depository Company of Pakistan                         |      | 100,000                | 100,000                |
| Pakistan Mercantile Exchange Limited                           | 8.2  | -                      | 750,000                |
| Deposit against office at Pakistan Mercantile Exchange Limited | 8.2  | -                      | 2,500,000              |
|  |      | <u>1,710,000</u>       | <u>20,960,036</u>      |

- 10.1 This represents Railway land deposit with Pakistan Stock Exchange Limited.

10.2 National Clearing Company of Pakistan Limited

|   |                  |                  |
|---|------------------|------------------|
| - Security Deposit - Basic              | 200,000          | 200,000          |
| - Security Deposit - BTB                | 100,000          | 100,000          |
| - Security Deposit transferred from PSX | 200,000          | 200,000          |
| - Security Deposit - DFC                | 1,000,000        | 1,000,000        |
| - IPO Exposure                          | 100,000          | 100,000          |
|   | <u>1,600,000</u> | <u>1,600,000</u> |

30 June 30 June  
2018 2017  
Rupees Rupees

# 11 DEFERRED TAX - ASSET / (LIABILITY)

## Relating to taxable temporary difference

Property and equipment (21,013) (15,133)

## Relating to deductible temporary difference

|                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
| Tax losses                      | 3,588,459          | 4,164,891          |
| Minimum tax                     | 263,549            | -                  |
| Alternative corporate tax       | 1,774,989          | -                  |
| Provision for doubtful debts    | 431,636            | 446,024            |
|                                 | <u>6,058,634</u>   | <u>4,610,915</u>   |
|                                 | 6,037,621          | 4,595,782          |
| Unrecognised deferred tax asset | <u>(6,037,621)</u> | <u>(4,595,782)</u> |
|                                 | -                  | -                  |

11.1 The deferred tax asset of Rs. 6.038 million (2017 : Rs. 4.596) has not been recognised owing to uncertainty regarding future profitability against which deferred tax asset could be set off.

Note 30 June 30 June  
2018 2017  
Rupees Rupees

# 12 TRADE RECEIVABLES

|                              |      |                    |                    |
|------------------------------|------|--------------------|--------------------|
| Client - Considered good     |      | 8,454,047          | 4,275,938          |
| Considered doubtful          |      | <u>1,918,382</u>   | <u>1,918,382</u>   |
|                              | 12.1 | 10,372,429         | 6,194,320          |
| Provision for doubtful debts | 12.3 | <u>(1,438,787)</u> | <u>(1,438,787)</u> |
|                              |      | 8,933,642          | 4,755,533          |
| Receivable from PSX          | 12.4 | -                  | 21,999,100         |
|                              |      | <u>8,933,642</u>   | <u>26,754,633</u>  |

12.1 The total value of securities pertaining to clients are Rs. 91.436 (2017 : Rs. 177.746) million held in sub - accounts of the company.

Note 30 June 30 June  
2018 2017  
Rupees Rupees

## 12.2 Value of Pledge Securities

### Clients

|                               |      |   |           |
|-------------------------------|------|---|-----------|
| - With NCCCPL                 |      | - | 6,029,460 |
| - With Financial Institutions |      | - | -         |
|                               | 12.3 | - | 6,029,460 |

### House

|                               |      |                  |                   |
|-------------------------------|------|------------------|-------------------|
| - With NCCCPL                 |      | 6,701,525        | 10,614,100        |
| - With Financial Institutions |      | -                | -                 |
|                               | 12.3 | <u>6,701,525</u> | <u>10,614,100</u> |
|                               |      | <u>6,701,525</u> | <u>16,643,560</u> |

12.3 The securities are valued using market rate at the year end.

|  |             | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees |
|--|-------------|---------------------------|---------------------------|
|  | <i>Note</i> |                           |                           |
| <b>12.3 Provision for doubtful debts</b> |             |                           |                           |
| Opening balance                          |             | 1,438,787                 | -                         |
| Provision made during the year           | 25          | -                         | 1,438,787                 |
| Written off                              |             | -                         | -                         |
| Closing balance                          |             | <u>1,438,787</u>          | <u>1,438,787</u>          |

12.4 This represent amount receivable from PSX against shares sold to general public.

**13 ADVANCES, DEPOSITS, PREPAYMENTS  
AND OTHER RECEIVABLES**

|                   |      |                   |                   |
|-------------------|------|-------------------|-------------------|
| Advances to staff |      | 16,000            | 141,000           |
| Exposure deposit  | 13.1 | 38,841,315        | 57,578,300        |
| Other receivables | 13.3 | 1,101,600         | 4,740,718         |
|                   |      | <u>39,958,915</u> | <u>62,460,018</u> |

**13.1 Exposure deposit**

|                                 |      |                   |                   |
|---------------------------------|------|-------------------|-------------------|
| Ready Market                    |      | 17,500,000        | 17,500,000        |
| Future Market exposure and loss |      | 21,341,315        | 40,078,300        |
|                                 | 13.2 | <u>38,841,315</u> | <u>57,578,300</u> |

13.2 These represent amount of deposits held at the year end against exposure arising out of the trading in securities in accordance with the regulations of Pakistan Stock Exchange Limited and National Clearing Company Pakistan Limited.

|                               |             |                           |                           |
|-------------------------------|-------------|---------------------------|---------------------------|
|                               |             | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees |
|                               | <i>Note</i> |                           |                           |
| <b>13.3 Other receivables</b> |             |                           |                           |
| Receivable from Director      | 13.4        | 1,101,600                 | -                         |
| Rent receivable               | 13.5        | -                         | 252,450                   |
| Receivable from PSX           |             | -                         | 4,488,268                 |
|                               |             | <u>1,101,600</u>          | <u>4,740,718</u>          |

**13.4**

This represent amount of rent receivable from director against investment property owing to direct transfer of rent to the director bank account by the tenant. The amount is subsequently received by the company from the director.

|  |             |                           |                           |
|--|-------------|---------------------------|---------------------------|
|  |             | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees |
|  | <i>Note</i> |                           |                           |
| <b>13.5 Rent receivable</b>              |             |                           |                           |
| Gross amount                             |             | 252,450                   | 252,450                   |
| Less : Provision for doubtful receivable | 13.6        | (252,450)                 | -                         |
|  |             | <u>-</u>                  | <u>252,450</u>            |

|   |             | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees |
|---|-------------|---------------------------|---------------------------|
| <b>13.6 Provision for doubtful receivable</b> | <b>Note</b> |                           |                           |
| Opening balance                               |             | -                         | -                         |
| Provision made during the year                | 25          | 252,450                   | -                         |
| Closing balance                               |             | <u>252,450</u>            | <u>-</u>                  |

|   |    |                    |                    |
|---|----|--------------------|--------------------|
| <b>14 TAX REFUNDS DUE FROM GOVERNMENT - NET</b> |    |                    | <i>Restated</i>    |
| Opening   |    | 7,224,326          | 7,453,889          |
| Tax deducted during the year                    |    | 2,961,345          | 1,861,578          |
| Provision for the year                          | 27 | <u>(3,028,017)</u> | <u>(2,091,141)</u> |
| Closing   |    | <u>7,157,654</u>   | <u>7,224,326</u>   |

#### 15 SHORT TERM INVESTMENT

##### *Investment at fair value through profit or loss - Held for trading*

|  |      |                     |                    |
|--|------|---------------------|--------------------|
| Listed equity securities                                   | 15.1 | 39,458,783          | 43,445,575         |
| Unrealised (loss) / gain on re - measurement of investment |      | <u>(13,514,698)</u> | <u>(2,976,565)</u> |
| Market value   |      | <u>25,944,085</u>   | <u>40,469,010</u>  |

##### *Investment at fair value through equity - Available for sale*

|  |      |                   |                   |
|--|------|-------------------|-------------------|
| Shares of PSX released during the year | 9.4  | 3,217,590         | -                 |
| Unrealized gain on remeasurement       |      | <u>3,137,151</u>  | <u>-</u>          |
| Market value                           | 15.2 | <u>6,354,741</u>  | <u>-</u>          |
|  |      | <u>32,298,826</u> | <u>40,469,010</u> |

##### 15.1 Held for trading - listed equity securities

| 30 June<br>2018<br>Number of Shares | 30 June<br>2017<br>Number of Shares |   | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees |
|-------------------------------------|-------------------------------------|---|---------------------------|---------------------------|
| 14,000                              | 14,000                              | Attock Refinery Limited                       | 3,014,340                 | 5,356,120                 |
| 40,000                              | 40,000                              | D.G. Khan Cement Company Limited              | 4,579,600                 | 8,526,400                 |
| 15,000                              | 15,000                              | Engro Fertilizer Limited                      | 1,123,650                 | 828,600                   |
| 10,000                              | 10,000                              | Engro Foods Limited                           | 890,600                   | 1,214,900                 |
| 100,000                             | 100,000                             | Fauji Cement Company Limited                  | 2,285,000                 | 4,103,000                 |
| 12,500                              | 12,500                              | Fauji Fertilizer Bin Qasim Limited            | 482,500                   | 535,500                   |
| 12,500                              | 12,500                              | Fauji Fertilizer Company Limited              | 1,236,125                 | 1,033,000                 |
| 10,000                              | 10,000                              | Gul Ahmed Textile Mills Limited               | 429,300                   | 409,800                   |
| 7,000                               | 7,000                               | Ghandhara Nissan Limited                      | 1,257,690                 | 1,575,560                 |
| 7,000                               | 7,000                               | The General Tyre & Rubber Company of Pakistan | 1,163,400                 | 2,124,500                 |
| 2,000                               | 2,000                               | Honda Atlas Cars Pakistan Limite              | 632,780                   | 1,735,380                 |
| 10,000                              | 10,000                              | Hi-Tech Lubricants Limited                    | 1,013,200                 | 1,090,100                 |
| 250,000                             | 250,000                             | K-Electric Limited                            | 1,420,000                 | 1,725,000                 |
| 10,000                              | 10,000                              | National Refinery Limited                     | 4,430,100                 | 7,259,900                 |
| -                                   | 100,000                             | Nimir Resins Limited                          | -                         | 943,000                   |
| 10,000                              | 10,000                              | Oil & Gas Development Company Limited         | 1,556,200                 | 1,406,900                 |
| 15,000                              | 15,000                              | TRG Pakistan Limited Class "A"                | 429,600                   | 601,350                   |
| <u>525,000</u>                      | <u>625,000</u>                      |   | <u>25,944,085</u>         | <u>40,469,010</u>         |

12 Available for sale - shares of Pakistan Stock Exchange Limited

| 30 June<br>2018  | 30 June<br>2017 |                                 | 30 June<br>2018 | 30 June<br>2017 |
|------------------|-----------------|---------------------------------|-----------------|-----------------|
| Number of Shares |                 |                                 | Rupees          | Rupees          |
| 321,759          | -               | Pakistan Stock Exchange Limited | 6,354,741       | -               |

15.3 The market value of each security is as follows :

Securities are valued using market rate of 29 June, 2018 as 30 June, 2018 was a holiday of PSX.

|   |        |
|---|--------|
| Attock Refinery Limited                               | 215.31 |
| D.G. Khan Cement Company Limited                      | 114.49 |
| Engro Fertilizer Limited                              | 74.91  |
| Engro Foods Limited                                   | 89.06  |
| Fauji Cement Company Limited                          | 22.85  |
| Fauji Fertilizer Bin Qasim Limited                    | 38.60  |
| Fauji Fertilizer Company Limited                      | 98.89  |
| Gul Ahmed Textile Mills Limited                       | 42.93  |
| Ghandhara Nissan Limited                              | 179.67 |
| The General Tyre & Rubber Company of Pakistan Limited | 166.20 |
| Honda Atlas Cars Pakistan                             | 316.39 |
| Hi-Tech Lubricants Limited                            | 101.32 |
| K-Electric Limited                                    | 5.68   |
| National Refinery Limited                             | 443.01 |
| Nimir Resins Limited                                  | 10.10  |
| Oil & Gas Development Company Limited                 | 155.62 |
| TRG Pakistan Limited Class "A"                        | 28.64  |
| Pakistan Stock Exchange Limited                       | 19.75  |

16 CASH AND BANK BALANCES

|                                | Note | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees |
|--------------------------------|------|---------------------------|---------------------------|
| Cash in hand                   |      | 18,190                    | 31,540                    |
| Cash at bank - Current account | 16.1 | 136,008,813               | 91,699,456                |
|                                |      | <u>136,027,003</u>        | <u>91,730,996</u>         |

16.1 Bank balance pertains to:

|                   |                    |                   |
|-------------------|--------------------|-------------------|
| - Clients         | 20,019,780         | 21,813,354        |
| - Brokerage house | 115,989,032        | 69,886,102        |
|                   | <u>136,008,813</u> | <u>91,699,456</u> |

17 ISSUED, SUBSCRIBED AND PAID - UP CAPITAL

| 30 June<br>2018  | 30 June<br>2017  |  |                    |
|------------------|------------------|--|--------------------|
| Number of shares |                  |  |                    |
| 1,500,000        | 1,500,000        | Ordinary shares of Rs. 100 each fully paid in cash |                    |
| <u>1,500,000</u> | <u>1,500,000</u> |  |                    |
|                  |                  |  | <u>150,000,000</u> |
|                  |                  |  | <u>150,000,000</u> |

The share holders are entitled to receive all distribution to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All the shares carry "one vote" per share without any restriction.

|                                | Note | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees |
|--------------------------------|------|---------------------------|---------------------------|
| <b>18 TRADE PAYABLES</b>       |      |                           |                           |
| - Related parties              |      |                           |                           |
| - Ms. Maria Ghulam Muhammad.   |      | 654,839                   | 6,788,874                 |
| - Mrs. Mariam Ghulam Muhammad. |      | -                         | 79,582                    |
|                                | 18.1 | 654,839                   | 6,868,455                 |
| - Others                       |      |                           |                           |
| - Clients                      |      | 19,364,942                | 14,669,006                |
|                                |      | <u>20,019,781</u>         | <u>21,537,461</u>         |

18.1 The maximum aggregate amount outstanding at any time during the year with reference to month - end balances :

| S.no. | Particulars                  | Month   | Maximum aggregate amount<br>outstanding with reference to<br>Month - end Balances |
|-------|------------------------------|---------|---|
| 1     | Ms. Maria Ghulam Muhammad.   | October | 17,783,732  |
| 2     | Mrs. Mariam Ghulam Muhammad. | June    | (5,481,184)   |

|  | Note | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees |
|--|------|---------------------------|---------------------------|
| <b>19 ACCRUED EXPENSES AND OTHER LIABILITIES</b> |      |                           |                           |
| Accrued expenses                                 |      | 247,651                   | 156,600                   |
| Deferred income                                  | 22   | -                         | 4,488,268                 |
| SST payable                                      |      | 47,904                    | 303,146                   |
| Other liabilities                                |      | 1,985,970                 | 16,765,352                |
|  |      | <u>2,281,525</u>          | <u>21,713,365</u>         |

## 20 CONTINGENCIES AND COMMITMENTS

### 20.1 Contingencies

There are no contingencies at the year end ( 2017 : Nil ).

### 20.2 Commitments

Commitment against unrecorded transactions executed before year end having settlement date subsequent to year end :

|                        | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees |
|------------------------|---------------------------|---------------------------|
| For purchase of shares | <u>36,312,631</u>         | <u>13,935,309</u>         |
| For sale of shares     | <u>16,619,319</u>         | <u>11,184,741</u>         |

|   | Note | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees |
|---|------|---------------------------|---------------------------|
| <b>21 OPERATING REVENUE</b>                                       |      |                           |                           |
| Brokerage commission  | 21.1 | 4,710,455                 | 10,194,914                |
| Custody / Laga / NCSS Fees  |      | 3,250,886                 | 7,055,932                 |
| Dividend income   | 21.2 | 1,816,320                 | 1,362,880                 |
|   |      | <u>9,777,661</u>          | <u>18,613,726</u>         |
| <b>21.1 Brokerage commission</b>                                  |      |                           |                           |
| Gross commission  |      | 9,808,659                 | 20,869,325                |
| Sales tax / Federal excise duty                                   |      | (1,128,433)               | (2,401,187)               |
|   |      | <u>8,680,226</u>          | <u>18,468,138</u>         |
| Commission to dealers / agents                                    |      | (3,969,771)               | (8,273,224)               |
|   |      | <u>4,710,455</u>          | <u>10,194,914</u>         |
| <b>21.2 Dividend income</b>                                       |      |                           |                           |
| From  |      |                           |                           |
| - PSX   |      | 475,738                   | 440,813                   |
| - Other equity investment   |      | 1,340,582                 | 922,067                   |
|   |      | <u>1,816,320</u>          | <u>1,362,880</u>          |
| <b>22 CAPITAL GAIN</b>  |      |                           |                           |
| Capital (loss) / gain on short term investment                    |      | (1,932,145)               | 7,505,573                 |
| Capital (loss) / gain on disposal of PSX shares - AFS             |      | (1,039,320)               | 38,349,217                |
| Deferred income received  | 19   | 4,488,269                 | -                         |
| Transfer to statement of profit or loss from comprehensive income |      | 3,136,000                 | -                         |
|   |      | <u>4,652,804</u>          | <u>45,854,790</u>         |
| <b>23 ADMINISTRATIVE EXPENSES</b>                                 |      |                           |                           |
| Directors' remuneration   | 31   | 1,200,000                 | 1,200,000                 |
| Salaries, benefits and allowances                                 |      | 2,384,800                 | 3,007,421                 |
| Service and transaction charges                                   |      | 1,060,195                 | 7,966,599                 |
| Utilities   |      | 410,341                   | 541,612                   |
| Printing and stationery   |      | 36,270                    | 68,656                    |
| Fees and subscription   |      | 36,165                    | 10,000                    |
| Legal and professional charges                                    |      | 621,995                   | 2,387,000                 |
| I.T expenses  |      | 545,012                   | 269,893                   |
| Entertainment   |      | 359,437                   | 358,849                   |
| Postage and courier   |      | 11,855                    | 13,940                    |
| Traveling and conveyance  |      | 299,725                   | 38,090                    |
| Rent, rates and taxes   |      | 349,226                   | 55,400                    |
| Repair and maintenance  |      | 189,138                   | 207,504                   |
| Depreciation - investment property                                | 7    | 1,429,650                 | 1,588,500                 |
| Depreciation - property and equipment (Restated)                  | 6    | 246,680                   | 275,976                   |
| General expenses  |      | 845,919                   | 117,825                   |
|   |      | <u>10,026,408</u>         | <u>18,107,265</u>         |

## 24 FINANCE COST

|              | Note | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees |
|--------------|------|---------------------------|---------------------------|
| Bank charges |      | 29,165                    | 23,313                    |

## 25 OTHER CHARGES

|                                    |      |           |           |
|------------------------------------|------|-----------|-----------|
| Decline in the value of TREC       | 8    | 2,500,000 | -         |
| Provision for doubtful debts       | 25.1 | 252,450   | 5,769,240 |
| Charity & donation                 | 25.2 | 2,471,717 | -         |
| Audit fee                          | 25.3 | 332,280   | 156,600   |
| Brokerage on disposal of PMEX card |      | 33,000    | -         |
|                                    |      | 5,589,447 | 5,925,840 |

### 25.1 Provision for doubtful debts

|                    |      |         |           |
|--------------------|------|---------|-----------|
| Against            |      |         |           |
| - Trade debts      | 12.3 | -       | 1,438,787 |
| - Other receivable | 13.3 | 252,450 | 4,330,453 |
|                    |      | 252,450 | 5,769,240 |

25.2 These amounts represents food distributed to different needy people and no single donation exceeds Rs.500,000.

|                             | Note | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees |
|-----------------------------|------|---------------------------|---------------------------|
| 25.3 Audit fee              |      |                           |                           |
| Reanda Haroon Zakaria & Co. |      |                           |                           |
| - Statutory audit           |      | 148,500                   | 135,000                   |
| - Certifications            |      | 138,780                   | 21,600                    |
|                             |      | 287,280                   | 156,600                   |
| Pkf F.R.A.N.T.S & Co.       |      |                           |                           |
| - System audit              |      | 45,000                    | -                         |
|                             |      | 332,280                   | 156,600                   |

## 26 OTHER INCOME

|  |     |           |           |
|--|-----|-----------|-----------|
| From financial assets                  |     |           |           |
| Profit on PSX deposit                  |     | 1,152,394 | 1,116,679 |
| Profit on 10% retention money from PSX |     | 254,328   | -         |
| IPO commission                         |     | 388       | 33,546    |
|  |     | 1,407,111 | 1,150,225 |
| From non - financial assets            |     |           |           |
| Rental income                          |     | 1,303,560 | 841,500   |
| Liabilities written back               |     | 211,960   | -         |
| Loss on disposal of PMEX card          | 8.2 | (150,000) | -         |
| Loss on disposal of office equipment   |     | (18,182)  | -         |
|  |     | 1,347,338 | 841,500   |
|  |     | 2,754,449 | 1,991,725 |

|                    | Note | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees<br>Restated |
|--------------------|------|---------------------------|---------------------------------------|
| <b>27 TAXATION</b> |      |                           |                                       |
| Current            | 27.1 | 3,028,017                 | 2,091,141                             |
| Prior              |      | 176,074                   |                                       |
| Deferred           | 11   | -                         | -                                     |
|                    |      | <u>3,204,091</u>          | <u>2,091,141</u>                      |

#### 27.1 Current tax

|                    |      |                  |                  |
|--------------------|------|------------------|------------------|
| - Minimum          | 27.2 | -                | 231,229          |
| - Normal           | 27.2 | 237,120          | -                |
| - FTR              | 27.3 | 2,774,092        | 123,718          |
| - Capital gain tax |      | 16,805           | 1,736,194        |
|                    |      | <u>3,028,017</u> | <u>2,091,141</u> |

27.2 This represents tax on property income as business losses cannot be utilized against it. (2017 : Minimum tax under section 113 of Income Tax Ordinance, 2001 was provided).

|                                   | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees |
|-----------------------------------|---------------------------|---------------------------|
| <b>27.3 FTR</b>                   |                           |                           |
| - Tax on Dividend                 | 272,448                   | 123,718                   |
| - Tax under Sec 233A (1) (a), (b) | 2,501,644                 | -                         |
|                                   | <u>2,774,092</u>          | <u>123,718</u>            |

27.4 Income tax returns of the company have been finalized up to and including the tax year 2017, which is deemed to be assessment order under provisions of Income Tax Ordinance, 2001.

An assessment can only be amended within 5 years from the end of the financial year in which the commissioner has issued or treated to have the original assessment order.

The commissioner of income tax may in any of the previous 6 years select the deemed assessment for audit.

## 28 PROVISION FOR IMPAIRMENT LOSSES & TREATMENT OF RECEIVABLES

The aging of trade debts as at balance sheet is summarized below :-

|                            | 2018               |                    | 2017             |                    |
|----------------------------|--------------------|--------------------|------------------|--------------------|
|                            | Gross              | Impairment         | Gross            | Impairment         |
|                            | ----- Rupees ----- |                    |                  |                    |
| <b>Balance Outstanding</b> |                    |                    |                  |                    |
| Past due 1 - 14 days       | 2,931,318          | -                  | 2,062,395        | -                  |
| Past due 15 - 30 days      | 3,035,722          | -                  | 1,486,980        | -                  |
| Past due 31 - 60 days      | 1,973,860          | -                  | 680,065          | -                  |
| Past due 61 - 90 days      | 239,184            | -                  | 46,498           | -                  |
| 365 days or more           | 2,192,346          | (1,438,787)        | 1,918,382        | (1,438,787)        |
|                            | <u>10,372,429</u>  | <u>(1,438,787)</u> | <u>6,194,320</u> | <u>(1,438,787)</u> |

#### 28.1 Treatment of receivables

Receivables are recorded on settlement basis of accounting and provision is made based on market practices and past performance.

## PATTERN OF SHAREHOLDING

Following is the Pattern of Shareholding as at June 30, 2018 :

| Name of Shareholder        | No. of Shares Held | Percentage % |
|----------------------------|--------------------|--------------|
| Ms. Maria Ghulam Muhammad. | 1,484,999          | 99%          |
| Other                      | 15,001             | 1%           |
|                            | <u>1,500,000</u>   | <u>100%</u>  |

30 June 2018      30 June 2017

## 30 (LOSS) / EARNING PER SHARE

### - Basic and diluted

|  |                  |                  |
|--|------------------|------------------|
| (Loss) / earnings after taxation                                   | (15,178,894)     | 37,336,117       |
| Weighted average number of shares issued up to the end of the year | <u>1,500,000</u> | <u>1,500,000</u> |
|  | <u>(10.12)</u>   | <u>24.89</u>     |

There is no dilutive effect on the basic earnings per share of the company.

## 31 REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE

|                         | 2018      |                 | 2017      |                 |
|-------------------------|-----------|-----------------|-----------|-----------------|
|                         | Directors | Chief Executive | Directors | Chief Executive |
| Managerial remuneration | -         | 1,200,000       | -         | 1,200,000       |
| Number of person(s)     | 1         | 1               | 1         | 1               |

31.1 In addition to above chief executive and director are allowed trading of shares without commission charges and reimbursement of various house hold expenses.

## 32 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

### Financial Instrument by Category

#### Financial Assets

|  | 2018  |                    |                       |                        |                    |
|--|---|--------------------|-----------------------|------------------------|--------------------|
|  | At fair value through profit or loss-held for trading | Available for sale | Loans and Receivables | Other financial assets | Total              |
|  | ----- Rupees -----                                    |                    |                       |                        |                    |
| Long term investment                             | -   | 21,353,585         | -                     | -                      | 21,353,585         |
| Long term deposits                               | -   | -                  | 1,710,000             | -                      | 1,710,000          |
| Short term investments                           | 25,944,085  | 6,354,741          | -                     | -                      | 32,298,826         |
| Trade debts-secured                              | -   | -                  | 8,933,642             | -                      | 8,933,642          |
| Short term deposits, advances & other receivable | -   | -                  | 39,958,915            | -                      | 39,958,915         |
| Cash and bank balances                           | -   | -                  | -                     | 136,027,003            | 136,027,003        |
|  | <u>25,944,085</u>                                     | <u>27,708,326</u>  | <u>50,602,557</u>     | <u>136,027,003</u>     | <u>240,281,971</u> |

|  | At fair value<br>through profit<br>or loss-held<br>for trading | Available for<br>sale | Loans and<br>Receivables | Other<br>financial<br>assets | Total       |
|--|--|-----------------------|--------------------------|------------------------------|-------------|
|  | ----- Rupees -----   |                       |                          |                              |             |
| Long term investment                             | -  | 41,163,835            | -                        | -                            | 41,163,835  |
| Long term loans, advances and deposits           | -  | -                     | 19,960,036               | -                            | 19,960,036  |
| Short term investments                           | 40,469,010   | -                     | -                        | -                            | 40,469,010  |
| Trade debts-unsecured                            | -  | -                     | 26,754,633               | -                            | 26,754,633  |
| Short term deposits, advances & other receivable | -  | -                     | 46,700,283               | -                            | 46,700,283  |
| Cash and bank balances                           | -  | -                     | -                        | 91,730,996                   | 91,730,996  |
|  | 40,469,010   | 41,163,835            | 93,414,952               | 91,730,996                   | 266,778,793 |

### 33 FINANCIAL RISK MANAGEMENT

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

- 1) Market Risk.
- 2) Liquidity Risk.
- 3) Credit Risk.
- 4) Operational Risk.

#### 33.1 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

#### 33.2 Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company is exposed to such risk mainly in respect of short-term borrowings. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the company's loss by Rs. Nil and a 1% decrease would result in a decrease in the Company's loss by the same amount. However, in practice, the actual results may differ from the sensitivity analysis. Currently, The company is not exposed to interest rate risk.

#### 33.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or the future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company does not have any financial instrument in foreign currencies and hence is not exposed to such risk.

#### 33.4 Equity Price Risk

Equity price risk is that risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for the shares and liquidity in the market. Management of the company estimates that a 1% increase in overall equity prices in the market with all other factors remaining constant would increase the company's profit by Rs. 536,524 /- and a 1% decrease would result in a decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

### 3.5 Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its financial obligation associated with its financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of possibility that the Company could required to pay its liabilities earlier than expected or difficulty in raising funds to meet comments 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 options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

#### Financial Liabilities

Creditors, accrued expense  
and other liabilities

| 2018               |                    |
|--------------------|--------------------|
| Carrying<br>Amount | Within one<br>year |
| ----- Rupees ----- |                    |
| 22,253,402         | 22,253,402         |

#### Financial Liabilities

Creditors, accrued expense  
and other liabilities

| 2017               |                    |
|--------------------|--------------------|
| Carrying<br>Amount | Within one<br>year |
| ----- Rupees ----- |                    |
| 42,947,681         | 42,947,681         |

### 33.6 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations.

### 33.7 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 the financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. 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 follows :

|  | 30 June<br>2018<br>Rupees | 30 June<br>2017<br>Rupees |
|--|---------------------------|---------------------------|
| Long term investment                     | 21,353,585                | 41,163,837                |
| Long term deposits                       | 1,710,000                 | 20,960,036                |
| Short term investment                    | 32,298,826                | 40,469,010                |
| Trade debts - unsecured                  | 8,933,642                 | 26,754,633                |
| Advances, deposits and other receivables | 39,958,915                | 62,460,018                |
| Bank balances                            | 136,008,813               | 91,699,456                |
|  | <u>240,263,781</u>        | <u>283,506,990</u>        |

### 33.8 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes technology and infrastructure supporting the company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risk arising from the company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. The responsibility encompasses the controls in the following areas.

- 1) Requirements for appropriate segregation of duties between various functions, roles and responsibility;
- 2) Requirements for the reconciliation and monitoring of transactions;
- 3) Compliance with regulatory and other legal requirements;
- 4) Documentation of control and procedures;
- 5) Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- 6) ethical and business standards;
- 7) Risk mitigation, including insurance where this is effective.

#### *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 values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements :

**Level 1 :** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2 :** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3 :** Fair value measurements using inputs for the assets or liability that are not based on observable market data ( i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer prices quotations.

The table below analysis financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised.

*Financial assets at fair value through profit and loss*

|   | 2018               |         |         |            |
|---|--------------------|---------|---------|------------|
|   | ----- Rupees ----- |         |         |            |
|   | Level 1            | Level 2 | Level 3 | Total      |
| Listed securities                                       | 32,298,826         | -       | -       | 32,298,826 |
| <i>Available for sale</i>                               |                    |         |         |            |
| Investment in shares of Pakistan stock exchange limited | 21,353,585         | -       | -       | 21,353,585 |
|   | 53,652,411         | -       | -       | 53,652,411 |

*Financial assets at fair value through profit and loss*

|   | 2017               |         |         |            |
|---|--------------------|---------|---------|------------|
|   | ----- Rupees ----- |         |         |            |
|   | Level 1            | Level 2 | Level 3 | Total      |
| Listed securities                                       | 40,469,010         | -       | -       | 40,469,010 |
| <i>Available for sale</i>                               |                    |         |         |            |
| Investment in shares of Pakistan stock exchange limited | 41,163,835         | -       | -       | 41,163,835 |
|   | 81,632,845         | -       | -       | 81,632,845 |

**33.9 Capital management**

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finance its operations through equity.

**34 RELATED PARTY TRANSACTIONS**

Parties are considered to be related if any one party has the ability to control the other party or exercise significant influence over other party in making financial and operating decisions.

The related parties comprise of major shareholders, directors of the company and key management personnel.

Detail of transactions with related parties during the year is as follows :

|   | <i>Note</i> | <i>2018<br/>Rupees</i> | <i>2017<br/>Rupees</i> |
|---|-------------|------------------------|------------------------|
| <i>Transactions during the year</i>         |             |                        |                        |
| With Director and Chief Executive           | 31          | <u>1,200,000</u>       | <u>1,200,000</u>       |
| <i>Year End Balances</i>                    |             |                        |                        |
| Rent receivable against investment property | 13.4        | <u>1,101,600</u>       | <u>-</u>               |
| Trade payable                               | 18          | <u>654,839</u>         | <u>6,868,455</u>       |

### 35 RECLASSIFICATION

Following figures of prior year have been reclassified for better understanding resulting in :

|   | <i>2018<br/>Rupees</i> |
|---|------------------------|
| Decrease in advances, deposits, prepayments & Other receivables |                        |
| - Exposure deposit  | 1,000,000              |
| - Other receivable  | 2,541,315              |
| Increase in advances, deposits, prepayments & Other receivables |                        |
| - Exposure deposit  | 2,541,315              |
| Decrease in long term deposits                                  |                        |
| - Pakistan Stock Exchange Limited                               | 300,000                |
| Increase in long term deposits                                  |                        |
| - National Clearing Company of Pakistan Limited                 | 1,000,000              |
| - National Clearing Company of Pakistan Limited                 | 300,000                |
| Decrease in Administrative expenses                             |                        |
| - Salaries, benefits and allowances                             | 8,273,224              |
| - Potage and courier  | 229,030                |
| Increase in Commission to dealers / agents                      |                        |
| - Commission to dealers and agents                              | 8,273,224              |
| Increase in Administrative expenses                             |                        |
| - Utilities   | 229,030                |

### 36 NUMBER OF EMPLOYEES

The total number of employees including dealers at year end were 17 (2017: 17) and average number of employees including dealers during the year was 17 (2017: 17).

### 37 DATE OF AUTHORIZATION TO ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on  
18 SEP 2018

GENERAL

Figures have been rounded off to the nearest rupee.

*Mariza*

Chief Executive

*M. Mariza*  
Director

