JSK SECURITIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

ShineWing PAKISTAN | **SHINEWING HAMEED CHAUDHRI & CO.**
CHARTERED ACCOUNTANTS

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Independent Auditor's Report To The Members Of JSK Securities Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **JSK Securities Limited** (the Company), which comprise the statement of financial position as at June 30, 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and 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, 2019 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report thereon

Management is responsible for the other information presented along with the financial statements and the auditors' report thereon. With respect to the Company the other information comprises only the Director's Report on the operations of the Company.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 is responsible for overseeing the Company's financial reporting process.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 upto the date of our auditors' 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 purpose of the Company's business;

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and

e) the Company was in compliance with requirement of section 78 of the Securities Act, 2015, and the relevant requirements of the Securities Brokers (Licencing and Operations) Regulations, 2016 as on the date of statement of financial position.

The Engagement partner on the audit resulting in this independent auditors' report is Mr.Osman Hameed Chaudhri.

SHK ShineWing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE; 07 OCT 2019

JSK Securities Limited
Statement of Financial Position
As at June 30, 2019

	Note	2019 Rupees	2018 Rupees
Assets			
Non-current Assets			
Operating fixed assets	7	1,502,353	1,852,339
Intangible assets	8	10,122,672	10,122,672
Long term investments	9	43,971,397	37,629,077
Security deposits	10	1,548,339	1,548,339
		57,144,761	51,152,427
Current Assets			
Trade debts	11	4,467,169	3,903,995
Advances and other receivables	12	451,605	555,843
Loan to chief executive	13	5,000,000	-
Short term investments	14	2,686,302	4,094,310
Tax deducted at source		494,159	533,510
Cash and bank balances	15	6,838,110	17,552,602
		19,937,345	26,640,260
Total Assets		77,082,106	77,792,687
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital 1,000,000 ordinary shares of Rs.100 each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	16	77,100,000	77,100,000
Reserves	17	10,184,069	3,841,749
Accumulated loss		(19,225,952)	(14,865,362)
		68,058,117	66,076,387
Non-current Liabilities			
Staff retirement benefits - gratuity		394,324	379,386
Security deposit	18	560,000	560,000
Current Liabilities			
Trade and other payables	19	5,045,160	7,756,788
Unearned rental income		2,032,800	1,848,000
Taxation	20	991,705	1,172,126
		8,069,665	10,776,914
Contingencies and commitments	21		
		77,082,106	77,792,687

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

Sahar Saifullah Khan

Chief Executive Officer

SHC

Director

JSK Securities Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Operating revenue	22	4,813,288	9,555,341
Other income	23	1,771,386	3,288,048
		6,584,674	12,843,389
Administrative expenses	24	(8,528,470)	(7,801,691)
Other expenses	25	(1,408,008)	(1,547,058)
Bank charges		(382,814)	(94,681)
(Loss) / profit before taxation		(3,734,618)	3,399,959
Taxation	26	(625,972)	(1,015,374)
(Loss) / profit after taxation		(4,360,590)	2,384,585
Other Comprehensive Income			
Items that will not be reclassified subsequent to statement of profit or loss			
Unrealised gain on remeasurement of investment at fair value through other comprehensive income		6,342,320	2,488,374
Total Comprehensive income		1,981,730	4,872,959

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

Sahar Saifullah Khan

Chief Executive Officer

SHC

Director

JSK Securities Limited
Statement of Cash Flows
For the Year Ended June 30, 2019

	2019 Rupees	2018 Rupees
Cash flow from operating activities		
(Loss) / profit for the year before taxation	(3,734,618)	3,399,959
Adjustments for non-cash charges and other items:		
Depreciation	259,832	344,108
Gain on sale of operating fixed assets	(27,020)	-
Profit on deposit account	(410,951)	(2,272,795)
Provision for gratuity - net	14,938	157,858
(loss) / profit before working capital changes	(3,897,819)	1,629,130
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Trade receivables	(563,174)	376,355
Advances and other receivables	104,238	1,424,839
Loan to director	(5,000,000)	-
Short term investments	1,408,008	1,058,620
Decrease in trade and other payables	(2,711,628)	(756,918)
	(6,762,556)	2,102,896
Cash (used in) / generated from operations	(10,660,375)	3,732,026
Unearned rental income	184,800	168,000
Taxes paid	(767,042)	(577,325)
Net cash (used in) / generated from operating activities	(11,242,617)	3,322,701
Cash flow from investing activities		
Fixed capital expenditures	(10,000)	(23,000)
Sale proceeds from disposal of operating fixed assets	127,174	-
Net cash generated from / (used in) investing activities	117,174	(23,000)
Cash flow from financing activities		
Share deposit money - net	-	(7,100,000)
Proceed from issuance of share capital	-	7,100,000
Profit on deposit account	410,951	2,272,795
Cash generated from financing activities	410,951	2,272,795
Net (decrease) / increase in cash and cash equivalents	(10,714,492)	5,572,496
Cash and cash equivalents - at beginning of the year	17,552,602	11,980,106
Cash and cash equivalents - at end of the year	6,838,110	17,552,602

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

Sahar Saifullah Khan

Chief Executive Officer

SHC

Director

JSK Securities Limited
Statement of Changes in Equity
For the Year Ended June 30, 2019

	Share Capital	Share Premium	Reserves: Unrealised gain on remeasure-ment of investments at FVTOCI	Reserves: Sub-total	Accumulated loss	Total
	------------------	------------------	Rupees	------------------	------------------	
Balance as at June 30, 2017	70,000,000	5,000,000	(3,646,625)	1,353,375	(17,249,947)	54,103,428
Total comprehensive income for the year ended June 30, 2018						
Profit for the year	-	-	-	-	2,384,585	2,384,585
Other comprehensive income	-	-	2,488,374	2,488,374	-	2,488,374
	-	-	2,488,374	2,488,374	2,384,585	4,872,959
Ordinary shares 71,000 at Rs.100 is issued during the year against share deposit money	7,100,000	-	-	-	-	7,100,000
Balance as at June 30, 2018	**77,100,000**	**5,000,000**	**(1,158,251)**	**3,841,749**	**(14,865,362)**	**66,076,387**
Total comprehensive income for the year ended June 30, 2019						
Loss for the year	-	-	-	-	(4,360,590)	(4,360,590)
Other comprehensive income	-	-	6,342,320	6,342,320	-	6,342,320
	-	-	6,342,320	6,342,320	(4,360,590)	1,981,730
Balance as at June 30, 2019	**77,100,000**	**5,000,000**	**5,184,069**	**10,184,069**	**(19,225,952)**	**68,058,117**

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

Sahar Saifullah Khan

Chief Executive Officer

SHC

Director

JSK SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

JSK Securities Limited (the Company) was incorporated in Pakistan on June 09, 2006 as a single member company under the repealed Companies Ordinance, 1984 now the Companies Act, 2017 (the Act). The Company was incorporated pursuant to the corporatisation policy of the Securities and Exchange Commission of Pakistan to enable the individual members of Stock Exchanges to transfer their membership along with all entitlements related thereto, to a corporate entity. The status of the Company was first converted into a Private Limited Company with effect from November 21, 2007 and then a Public Limited Company with effect from June 16, 2009.

The Company is a Trading Right Entitlement Certificate holder of the Pakistan Stock Exchange Limited (PSX) and is also a member of Pakistan Mercantile Exchange Limited (PMEX). The Company is principally engaged in shares brokerage and trading and consultancy services. The head office of the Company is situated at office no. 1111, Islamabad Stock Exchange tower, Jinnah Avenue, Islamabad.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments at fair value through profit or loss.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest Rupee unless otherwise specified.

3. Changes in accounting standards, laws and interpretations

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2018 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

(a) IFRS 9, 'Financial Instruments': this standard has been notified by the SECP to be effective for annual periods ending on or after June 30, 2019. This standard replaces the guidance in International Accounting Standard ('IAS') 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

(b) IFRS 15, 'Revenue from contracts with customers' which is effective for the annual period beginning on July 01, 2018. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

(c) IFRIC 22, "Foreign currency transactions and advance consideration' applicable to accounting periods beginning on or after July 01, 2018. This interpretation clarifies the determination of the date of transaction for the exchange rate to be used on initial recognition of a related assets, expenses or income where an entity pays or receive consideration in advance for foreign currency denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which an entity recognizes the non-monetary assets or liability arising from the advance consideration. If their are multiple payments or receipts for one item a date of transaction should be determined as above for each payment or receipts. The impact of the interpretation is not considered to be material on the financial statements of the Company.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after July 01, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

(a) IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the reporting date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.

(b) IAS 23, 'Borrowing costs' is effective for accounting periods beginning on or after January 01, 2019. The amendment is part of the annual improvement 2015-2017 cycle. The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale - or any non-qualifying assets - are included in that general pool. The amendments are not likely to have material impact on the Company's financial statements.

(c) IFRIC 23, 'Uncertainty over Income Tax Treatments': (effective for periods beginning on or after January 01, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation on its financial statements

There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, such differences are estimated to be insignificant and hence will not affect the true and fair presentation of the financial statements. The assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

- useful lives and residual values of property, plant & equipment and intangible assets (notes 5.1 and 5.2);
- classification and valuation of investments (note 5.3);
- provision for doubtful debts (note 5.6); and
- provision for taxation (note 5.10);

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Operating fixed assets

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

Depreciation is charged to statement of profit or loss by applying reducing balance method at the rates specified in note 7. Depreciation on additions to fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to statement of profit or loss. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of fixed assets, if any, is taken to statement profit or loss.

5.2 Trading Right Entitlement Certificate / Stock Exchange Membership Card

The stock exchange membership card was swapped under the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 with the shares of ISE Towers REIT Management Company Limited (formerly Islamabad Stock Exchange Limited) and Trading Right Entitlement Certificate (TREC) of PSX. The carrying amount of TREC was ascertained at each reporting date and any impairment loss identified was taken to the statement of profit or loss.

5.3 Financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Initial recognition and measurement of financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1).

For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

- ***Fair value through other comprehensive income (FVTOCI)***

  Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value. Reclassification of fair value gains and losses to unappropriated profits shall be made with in statement of changes in equity.

- ***Fair value through profit or loss (FVTPL)***

  Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

5.4 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss.

5.5 Impairment of financial assets

The adoption of IFRS 9 has also changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach. The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Further, applying the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL. Based on the Company's experience, collection history, historical loss rates / bad debts and normal receivable aging, the shift from an incurred loss model to an ECL model has no material impact on the financial position and / or financial performance of the Company.

5.6 Trade debts

Measurement

These are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any.

Impairment

These are classified at amortized cost and are initially recognised and measured at fair value of consideration receivable. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables based on lifetime expected credit losses. The Company has estimated the credit losses using a provision matrix with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

5.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash-in-hand and balances at banks.

5.8 Staff retirement benefits - Gratuity

The Company operates an un-funded gratuity scheme for its employees. Provision is made annually, based on the managements best estimate, to cover obligation under the scheme.

5.9 Trade and other payables

Liabilities for trade and other payables are carried at cost, which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

5.10 Taxation

(a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

Deferred tax is recognised using the statement of financial position method on all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the statement of financial position date.

5.11 Revenue recognition

Revenue is recognised to the extent that it 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 consideration received or receivable on the following basis:

- capital gains and losses on sale of investments are recorded on the date of sale;
- dividend income is accounted for when the right of receipt is established; and
- brokerage and consultancy incomes are recognised on 'accrual basis'.

5.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.13 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

6. CHANGE IN ACCOUNTING POLICY DUE TO ADOPTION OF NEW ACCOUNTING STANDRADS

6.1 IFRS 15 'Revenue from Contracts with Customers'

The adoption and application of IFRS 15 has no material impact on the financial statements of the Company. The Company has made adjustments to its revenue recognition policy under the revised criteria if IFRS 15.

6.2 IFRS 9 'Financial Instruments'

This standard addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the related guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss and fair value through other comprehensive income.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with irrevocable option at the inception to present changes in fair value in other comprehensive income, with no recycling. For financial liabilities, there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

Impacts of adoption of IFRS 9 on these financial statements

The Company has adopted IFRS 9 and has amended its accounting policies accordingly, however, the changes laid down by the standard do not have any significant impact on these financial statements of the Company. For revised policies refer note 5.3, 5.4 and 5.5 to these financial statements.

For detailed revised classification of financial instruments refer note 28.4 to these financial statements.

7. OPERATING FIXED ASSETS - tangible

	Furniture and fixtures	Electric and gas fittings	Office equipment	Computers and accessories	Vehicles	Total
	Rupees					
COST						
Balance as at July 01, 2017	1,036,996	389,649	431,300	827,978	2,975,520	5,661,443
Additions during the year	-	-	12,000	11,000	-	23,000
Balance as at June 30, 2018	1,036,996	389,649	443,300	838,978	2,975,520	5,684,443
Balance as at July 01, 2018	1,036,996	389,649	443,300	838,978	2,975,520	5,684,443
Additions during the year	-	-	-	10,000	-	10,000
Disposal	-	-	-	-	(382,058)	(382,058)
Balance as at June 30, 2019	1,036,996	389,649	443,300	848,978	2,593,462	5,312,385
DEPRECIATION						
Balance as at July 01, 2017	484,774	156,820	175,590	754,210	1,916,602	3,487,996
Charge for the year	55,222	23,283	25,871	27,948	211,784	344,108
Balance as at June 30, 2018	539,996	180,103	201,461	782,158	2,128,386	3,832,104
Balance as at July 01, 2018	539,996	180,103	201,461	782,158	2,128,386	3,832,104
Charge for the year	49,700	20,955	24,184	20,605	144,388	259,832
Disposal	-	-	-	-	(281,904)	(281,904)
Balance as at June 30, 2019	589,696	201,058	225,645	802,763	1,990,870	3,810,032
BOOK VALUE AS AT						
JUNE 30, 2018	497,000	209,546	241,839	56,820	847,134	1,852,339
BOOK VALUE AS AT JUNE 30, 2019	447,300	188,591	217,655	46,215	602,592	1,502,353
Depreciation rate (%)	10	10	10	33.33	20	

8. INTANGIBLE ASSETS

	Note	2019 Rupees	2018 Rupees
Trading Right Entitlement Certificate (TREC)	8.1	**5,112,672**	5,112,672
Room at Islamabad Stock Exchange		**2,500,000**	2,500,000
Membership of Pakistan Mercantile Exchange Ltd.		**2,510,000**	2,510,000
		10,122,672	10,122,672

8.1 In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Company received TREC of PSX and equity shares of ISE Towers REIT Management Company Limited in lieu of its membership card. The Company's entitlement in respect of shares was determined on the basis of the valuation of its assets and liabilities as approved by the SECP. The Company has been allotted with 3,034,603 shares of ISE Towers REIT Management Company Limited, having face value of Rs.10 each, out of which 1,820,762 shares have been kept in a blocked account. The allocation of the carrying amount of membership card to the composite assets i.e. TREC and equity shares was made based on the guidance given by the Technical Committee of the Institute of Chartered Accountants of Pakistan.

9. LONG TERM INVESTMENT

- at FVTOCI	Note	2019 Rupees	2018 Rupees
ISE Towers REIT Management Company Limited. 3,034,603 ordinary shares of Rs.10 each		**38,787,328**	38,787,328
Adjustment arising from remeasurement to fair value	9.2	**5,184,069**	(1,158,251)
		43,971,397	37,629,077

9.1 Out of total shares, 1,820,762 (2018: 1,820,762) shares have been kept in a blocked account as detailed in note 8.1.

9.2 Shares have been valued on the basis of break-up value per share of Rs.14.49 (2018: Rs.12.40). This value was determined based on the latest available un-audited financial statements of the ISE Towers REIT Management Company Limited for the financial year ended June 30, 2019.

10. SECURITY DEPOSITS

	Note	2019 Rupees	2018 Rupees
Pakistan Mercantile Exchange Ltd. (PMEX)		**1,000,000**	1,000,000
Central Depository Company of Pakistan		**100,000**	100,000
National Clearing Company Of Pakistan Ltd.		**350,000**	350,000
Others		**98,339**	98,339
		1,548,339	1,548,339

11. TRADE DEBTS

Receivable against:			
- shares trading	11.1	**273,844**	724,070
- consultancy income		**4,193,325**	3,179,925
		4,467,169	3,903,995

11.1 These include receivable amounting Rs.126,314 (2018:Rs.117,526) from National Clearing Company Of Pakistan Limited against trading.

12. ADVANCES AND OTHER RECEIVABLES

	Note	2019 Rupees	2018 Rupees
Due from Associated Company	12.1	**336**	336
Advances to a service provider		-	251,412
Exposure deposits with PMEX		**317,095**	277,095
Others		**134,174**	27,000
		451,605	555,843

12.1 It represents due from JSK Feeds Limited Rs. 336 (2018:Rs. 336) on account of sharing of expenses.

13. LOAN TO CHIEF EXECUTIVE

This loan has been provided to Mr. Sahar Saif Ullah Khan, CEO of the Company. The loan is interest free. In the absence of any written terms and conditions, this loan has been classified as short term loan.

14. SHORT TERM INVESTMENTS - Quoted

(at fair value through statement of profit or loss)

No. of shares 2019	No. of shares 2018	Name of the Company	Market value 2019	Market value 2018
			--------- Rupees	---------
30,000	30,000	Byco Petroleum Pakistan Ltd.	**192,300**	366,000
30,000	30,000	Dewan Cement Ltd.	**234,300**	540,000
20,000	20,000	Fauji Fertilizer Bin Qasim Ltd.	**364,600**	772,000
9,000	9,000	Gul Ahmad Textile Mills Ltd.	**424,080**	386,370
40,000	40,000	K-Electric Ltd.	**175,600**	227,200
100,500	100,500	Kohinoor Spinning Mills Ltd.	**118,590**	293,460
5,000	5,000	Lottee Chemicals Pakistan Ltd.	**76,250**	59,800
1,500	1,500	Oil & Gas Development Company Ltd.	**197,235**	233,430
575	500	Pakistan Petroleum Ltd.	**83,047**	107,450
50,000	50,000	Pakistan Telecommunication Co.Ltd.	**413,500**	572,000
60,000	60,000	Power Cement Ltd.	**385,800**	501,000
20,000	20,000	Telecard Ltd.	**21,000**	35,600
366,575	366,500		**2,686,302**	4,094,310

14.1 As at June 30, 2019, shares having value of Rs.1,422,630 are pledged with Pakistan Stock Exchange Limited.

14.2 1,213,841 shares of ISE Towers REIT Management Company Ltd. are also pledged with Pakistan Stock Exchange Limited. Fair value of these shares as at June 30, 2019 is not available.

15. CASH AND BANK BALANCES

	2019 Rupees	2018 Rupees
Cash-in-hand	**17,233**	5,000
Cash at banks in current accounts:		
- client accounts	**3,958,880**	7,172,797
- house accounts	**38,604**	1,449,193
	3,997,484	8,621,990
Saving account - house account	**2,823,393**	8,925,612
	6,838,110	17,552,602

16. SHARE CAPITAL

Issued, subscribed and paid-up:

2019	2018		2019	2018
No. of shares			**Rupees**	Rupees
250,000	250,000	Ordinary shares of Rs.100 each fully paid in cash	**25,000,000**	25,000,000
450,000	450,000	Ordinary shares of Rs.100 each issued for consideration otherwise than cash	**45,000,000**	45,000,000
71,000	71,000	Ordinary shares of Rs.100 each issued against share deposit money during the year	**7,100,000**	7,100,000
771,000	**771,000**		**77,100,000**	**77,100,000**

17. RESERVES

	Note	2019 Rupees	2018 Rupees
Capital reserve - share premium	17.1	**5,000,000**	5,000,000
Unrealised loss on available for sale investments		**5,184,069**	(1,158,251)
		10,184,069	3,841,749

17.1 This represents the share premium received, on issuance of 100,000 @ Rs.50 per share, during the financial year ended June 30, 2011.

18. SECURITY DEPOSIT

It represent security deposit received against rented out property.

19. TRADE AND OTHER PAYABLES

	2019 Rupees	2018 Rupees
Creditors	**17,295**	12,140
Accrued expenses	**561,588**	814,753
Payable to clients	**4,447,785**	6,794,424
Tax deducted at source	**18,492**	135,471
	5,045,160	7,756,788

20. TAXATION - Net

	2019	2018
Opening balance	**1,172,126**	622,275
Add: provision made during the year for:		
- current year	**991,705**	1,172,126
- prior year's	**(365,733)**	(156,752)
	625,972	1,015,374
Less: adjustments / payment against completed assessments	**806,393**	465,523
Closing balance	**991,705**	1,172,126

20.1 The income tax assessments of the Company have been finalised by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 upto the year ended June 30, 2018.

21. CONTINGENCIES AND COMMITMENTS

There was no known contingent liability / commitment as at June 30, 2018 and June 30, 2019.

22. OPERATING REVENUE

	Note	2019 Rupees	2018 Rupees
Brokerage income		**173,183**	5,374,108
Dividend income		**609,065**	321,110
Rental income		**3,880,800**	3,528,000
Account maintenance fee		**150,240**	332,123
		4,813,288	9,555,341

23. OTHER INCOME

	Note	2019 Rupees	2018 Rupees
Gain on sale of short term investments		-	538,478
Profit on deposit account		**410,951**	2,272,795
Gain on sale of operating fixed assets		**27,020**	-
Exchange gain		**1,013,400**	476,775
Unclaimed tax of prior year		**320,015**	
		1,771,386	3,288,048

24. ADMINISTRATIVE EXPENSES

	Note	2019 Rupees	2018 Rupees
Salaries and benefits	24.1	**1,802,681**	2,008,438
Directors remuneration		**3,300,000**	3,300,000
Travelling		**5,870**	23,986
Vehicle's running and maintenance		**26,820**	82,993
Communication		**253,865**	244,513
Printing and stationery		**32,968**	32,706
Depreciation	7	**259,832**	344,108
Repair and maintenance		**3,000**	31,378
Utilities		**298,052**	435,128
Insurance		**184,478**	175,082
Auditors' remuneration:			
- statutory audit fee		**125,000**	125,000
- other services		**15,000**	90,000
		140,000	215,000
Fee and subscription		**105,090**	377,290
Brokerage expenses		**274,735**	431,358
Entertainment		**138,189**	38,537
Others		**1,702,890**	61,174
		8,528,470	7,801,691

24.1 These include Rs.158,938 (2018: Rs.157,858) in respect of staff retirement benefits- gratuity.

25. OTHER EXPENSES

This represents loss on remeasurement of short term investment.

26. TAXATION

	2019 Rupees	2018 Rupees
Current	**991,705**	1,172,126
Prior year	**(365,733)**	(156,752)
	625,972	1,015,374

27. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of directors, key management personnel and Associated Companies. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties and other transactions with them have been disclosed in the relevant notes to these financial statements note 12 & 13.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

28.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

28.1.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk only with respect to its certain receivables, denominated in foreign currency, amounting Rs.4,193 thousand (Euros. 22,500) {(2018: Rs.3,180 thousand) (Euros. 22,500)}.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the Company is not exposed to any interest rate risk.

(c) Price risk

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

The Company's investments in shares of quoted Companies are exposed to price risk due to change in the prices of shares of quoted companies.

Particulars	Carrying amount	Contractual cash flows	Less than one year
		Rupees	
As at June 30, 2019			
Trade and other payables	**5,026,668**	**5,026,668**	**5,026,668**
As at June 30, 2018			
Trade and other payables	7,621,317	7,621,317	7,621,317

28.2 Fair value hierarchy

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

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

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

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

The following table presents the Company's assets that are measured at fair value as at June 30, 2019:

	Level 1	Level 2	Level 3
		Rupees	
As at June 30, 2019			
Assets			
Long term investments	-	-	**43,971,397**
Short term investments	**2,686,302**	-	-
As at June 30, 2018			
Assets			
Loan term investments	-	-	37,629,077
Short term investments	4,094,310	-	-

28.3 Fair value measurement of financial instruments

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

At June 30, 2019, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

A change of 10% in the price of shares of quoted Companies at reporting date would have decreased / increased profit before tax for the year by Rs.269 thousand (2018: Rs.409 thousand).

28.1.2 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade receivables, advances and other receivables, investments and balances with banks. To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2019 along with comparative is tabulated below:

	2019 **Rupees**	2018 Rupees
Long term investments	**43,971,397**	37,629,077
Security deposits	**1,548,339**	1,548,339
Trade receivables	**4,467,169**	3,903,995
Advances and other receivables	**451,605**	555,843
Short term investments	**2,686,302**	4,094,310
Bank balances	**6,820,877**	17,547,602
	59,945,689	65,279,166

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade receivables and there are reasonable grounds to believe that the amounts will be realised in short course of time.

28.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

28.4 Financial instruments by category

	2019				2018			
	Amortised cost	At fair value through OCI	At fair value through PL	Total	Loans and receivables	Available-for-sale	through profit and loss	Total
Financial assets as per statement of financial position	........Rupees........				........Rupees........			
Long term investment	-	43,971,397	-	43,971,397	-	37,629,077	-	37,629,077
Security deposits	1,548,339	-	-	1,548,339	1,548,339	-	-	1,548,339
Trade debts	4,467,169	-	-	4,467,169	3,903,995	-	-	3,903,995
Advances and other receivables	451,605	-	-	451,605	555,843	-	-	555,843
Loan to a director	5,000,000	-	-	5,000,000	-	-	-	-
Short term investments	-	-	2,686,302	2,686,302	-	-	4,094,310	4,094,310
Cash and bank balances	6,838,110	-	-	6,838,110	17,552,602	-	-	17,552,602
	18,305,223	43,971,397	2,686,302	64,962,922	23,560,779	37,629,077	4,094,310	65,284,166

	Financial liabilities measured at amortised cost	
Financial liabilities as per statement of financial position	**2019**	2018
	--- Rupees ---	
Security deposit	**560,000**	560,000
Trade and other payables	**5,045,160**	7,756,788
Unearned rental income	**2,032,800**	1,848,000
	7,637,960	10,164,788

29. CAPITAL RISK MANAGEMENT

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

30. REMUNERATION OF CHIEF EXECUTIVE

Remuneration amounting Rs.3,300 thousand (2018: Rs.3,300 thousand) has been paid to Chief Executive of the Company.

31. NUMBER OF EMPLOYEES

	2019	2018
Number of employees as at June 30,	4	4
Average number of employees during the year	4	4

32. PATTERN OF SHAREHOLDING

As at June 30, 2019, Mr. Sahar Saifullah Khan (Chief Executive) held more than 5% of the issued, subscribed and paid-up capital of the Company.

33. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 07 October, 2019 by the board of directors of the Company.

34. FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no material rearrangements and reclassifications have been made in these financial statements.

Sahar Saifullah Khan

Chief Executive Officer

SHC

Director