JSK SECURITIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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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, 2021, 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, 2021 and of the profit, 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

Other Matter

The financial statements of the Company for the period ended June 30, 2020, were audited by another firm of chartered accountants who expressed an unmodified opinion on those financial statements on October 05, 2020.

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

Shinewing Hameed Chaudhri & Co.

LAHORE; 04 OCT 2021 SHC

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

JSK Securities Limited
Statement of Financial Position
As at June 30, 2021

	Note	2021 Rupees	2020 Rupees
Assets			
Non-current Assets			
Operating fixed assets	6	**1,366,171**	1,273,877
Intangible assets	7	**10,122,672**	10,122,672
Long term investments	8	**48,533,590**	46,890,210
Security deposits	9	**1,508,339**	1,448,339
		61,530,772	59,735,098
Current Assets			
Trade debts	10	**1,595,393**	4,231,593
Loan advances and other receivables	11	**1,521,605**	1,426,606
Short term investments	12	**4,057,297**	2,433,112
Tax deducted at source		**541,996**	521,879
Cash and bank balances	13	**7,268,563**	6,347,984
		14,984,854	14,961,174
Total Assets		**76,515,626**	74,696,272
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	14	**77,100,000**	77,100,000
Reserves	15	**14,746,262**	13,102,882
Accumulated loss		**(19,496,775)**	(20,523,222)
		72,349,487	69,679,660
Non-current Liabilities			
Staff retirement benefits - gratuity		**451,465**	349,130
Security deposit	16	**560,000**	560,000
Current Liabilities			
Trade and other payables	17	**1,639,555**	574,629
Unearned rental income		**1,186,080**	2,236,080
Taxation	18	**329,039**	1,296,773
		3,154,674	4,107,482
Contingencies and commitments	19		
		76,515,626	74,696,272

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, 2021

	Note	2021 Rupees	2020 Rupees
Operating revenue	20	5,680,113	5,092,700
Other income	21	6,049,951	637,982
Gross profit		11,730,064	5,730,682
Administrative expenses	22	(10,555,461)	(5,534,139)
Other expenses		-	(253,190)
Bank charges		(4,132)	(4,435)
Profit / (loss) before taxation		1,170,471	(61,082)
Taxation	23	(144,024)	(1,236,188)
Profit / (loss) after taxation		1,026,447	(1,297,270)
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		1,643,380	2,918,813
Total Comprehensive income		2,669,827	1,621,543

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, 2021

	2021 Rupees	2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) for the year before taxation	1,170,471	(61,082)
Adjustments for non-cash charges and other items:		
Depreciation	198,181	220,076
Profit on deposit account	(331,560)	(637,982)
Provision for gratuity - net	102,335	68,656
Receivable balance written-off	4,193,325	-
Profit / (loss) before working capital changes	5,332,752	(410,332)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Trade receivables	(1,557,125)	235,576
Loan advances and other receivables	(1,144,999)	4,024,999
Loan to director	1,050,000	253,190
Short term investments	(1,624,185)	100,000
Increase / (decrease) in trade and other payables	1,064,926	(4,470,532)
	(2,211,383)	143,233
Cash generated from / (used in) operations	3,121,369	(267,099)
Unearned rental income	(1,050,000)	203,280
Gratuity paid	-	(113,850)
Taxes paid	(1,131,875)	(958,839)
Net cash generated from / (used in) operating activities	939,494	(1,136,508)
CASH FLOW FROM INVESTING ACTIVITIES		
Security deposit paid	(60,000)	-
Fixed capital expenditures	(290,475)	-
Sale proceeds from disposal of operating fixed assets	-	8,400
Net cash (used in) / generated from investing activities	(350,475)	8,400
CASH FLOW FROM FINANCING ACTIVITIES		
Profit on deposit account	331,560	637,982
Cash generated from financing activities	331,560	637,982
Net increase / (decrease) in cash and cash equivalents	920,579	(490,126)
Cash and cash equivalents - at beginning of the year	6,347,984	6,838,110
Cash and cash equivalents - at end of the year	7,268,563	6,347,984

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, 2021

	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, 2019	77,100,000	5,000,000	5,184,069	10,184,069	(19,225,952)	68,058,117
Total comprehensive income for the year ended June 30, 2020						
Loss for the year	-	-	-	-	(1,297,270)	(1,297,270)
Other comprehensive income	-	-	2,918,813	2,918,813	-	2,918,813
	-	-	2,918,813	2,918,813	(1,297,270)	1,621,543
Balance as at June 30, 2020	**77,100,000**	**5,000,000**	**8,102,882**	**13,102,882**	**(20,523,222)**	**69,679,660**
Total comprehensive income for the year ended June 30, 2021						
Profit for the year	-	-	-	-	1,026,447	1,026,447
Other comprehensive income	-	-	1,643,380	1,643,380	-	1,643,380
	-	-	1,643,380	1,643,380	1,026,447	2,669,827
Balance as at June 30, 2021	**77,100,000**	**5,000,000**	**9,746,262**	**14,746,262**	**(19,496,775)**	**72,349,487**

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

Sahar Saifullah Khan
Chief Executive Officer

SHC

Director

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 (IFRSs) 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

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is the Company's functional currency. All financial information has been rounded off to the nearest thousand of Rupees unless otherwise stated.

3. INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.1 Standards, amendments and interpretations to accounting and reporting standards that became effective during the year

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2020 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) IAS 1 & IAS 8 Definition of material

Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' are effective for annual periods beginning on or after January 01, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.

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, 2021 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) IAS 1 Classification of liabilities

Amendment to IAS 1 is effective for period beginning on April 01, 2021. The IASB issued a narrow-scope amendment to IAS 1,Presentation of financial statements', to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

In particular, the amendment clarifies that;

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights;
- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification;
- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date; and
- settlement is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments.

The Company has assessed that the impact of this amendment is not expected to be significant.

(b) IAS 16 Proceeds before an asset's intended use

Amendment to IAS 16 'Property, plant and equipment' is effective from January 01, 2022 prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sale proceeds and related cost in profit or loss. The amendment applies retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendment.

(c) IAS 37 Onerous contracts

Amendments to IAS 37 is effective from January 01, 2022. Under IAS 37 'Provisions, contingent liabilities and contingent assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations i.e. the lower of the costs of fulfilling the contract and the costs of terminating it outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs e.g. direct labour and materials; and an allocation of other direct costs e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognized prospectively.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

(a) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

(b) Provision for impairment of trade debts

The Company assesses the recoverability of its trade debts if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

(c) Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

No critical judgment has been used in applying the accounting policies.

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 6. 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. 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, 2019	1,036,996	389,649	443,300	848,978	2,593,462	5,312,385
Disposal	-	-	(12,000)	-	-	-12,000
Balance as at June 30, 2020	1,036,996	389,649	431,300	848,978	2,593,462	5,300,385
Balance as at July 01, 2020	1,036,996	389,649	431,300	848,978	2,593,462	5,300,385
Additions during the year	110,500	-	137,960	42,015	-	290,475
Balance as at June 30, 2021	1,147,496	389,649	569,260	890,993	2,593,462	5,590,860
DEPRECIATION						
Balance as at July 01, 2019	589,696	201,058	225,645	802,763	1,990,870	3,810,032
Charge for the year	44,730	18,859	20,566	15,403	120,518	220,076
Disposal	-	-	(3,600)	-	-	(3,600)
Balance as at June 30, 2020	634,426	219,917	242,611	818,166	2,111,388	4,026,508
Balance as at July 01, 2020	634,426	219,917	242,611	818,166	2,111,388	4,026,508
Charge for the year	46,432	21,944	18,869	14,522	96,414	198,181
Balance as at June 30, 2021	680,858	241,861	261,480	832,688	2,207,802	4,224,689
BOOK VALUE AS AT JUNE 30, 2020	402,570	169,732	188,689	30,812	482,074	1,273,877
BOOK VALUE AS AT JUNE 30, 2021	**466,638**	**147,788**	**307,780**	**58,305**	**385,660**	**1,366,171**
Depreciation rate (%)	**10**	**10**	**10**	**33.33**	**20**	

7. INTANGIBLE ASSETS

	Note	2021 Rupees	2020 Rupees
Trading Right Entitlement Certificate (TREC)	7.1	**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

7.1 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.

8. LONG TERM INVESTMENT - at FVTOCI

	Note	2021 Rupees	2020 Rupees
ISE Towers REIT Management Company Limited. 3,034,603 ordinary shares of Rs.10 each		**43,971,397**	43,971,397
Adjustment arising from remeasurement to fair value	8.2	**4,562,193**	2,918,813
		48,533,590	46,890,210

8.1 Out of total shares, 1,820,762 (2020: 1,820,762) shares have been kept in a blocked account as detailed in note 7.1.

8.2 Shares have been valued on the basis of break-up value per share of Rs.15.99 (2020: Rs.15.45). 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, 2021.

9. SECURITY DEPOSITS

	2021 Rupees	2020 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.	**300,000**	300,000
Others	**108,339**	48,339
	1,508,339	1,448,339

10. TRADE DEBTS

	Note	2021	2020
Receivable against:			
- shares trading	11.1	**1,595,393**	38,268
- consultancy income		**-**	4,193,325
		1,595,393	4,231,593

11.1 These include receivable amounting Rs.77,807 (2020: Rs.Nil) from National Clearing Company Of Pakistan Limited against trading.

11. LOAN ADVANCES AND OTHER RECEIVABLES

	Note	2021 Rupees	2020 Rupees
Due from Associated Company	11.1	336	336
Loan to director		-	1,050,000
Exposure deposits with PMEX		317,095	317,095
Exposure deposits with NCCPL		1,000,000	-
Rent		180,000	-
Others		24,174	59,175
		1,521,605	1,426,606

11.1 It represents due from JSK Feeds Limited Rs. 336 (2020:Rs. 336) on account of sharing of expenses.

12. SHORT TERM INVESTMENTS - Quoted
(at fair value through statement of profit or loss)

No. of shares 2021	No. of shares 2020	Name of the Company	Market value 2021	Market value 2020
			--------- Rupees ---------	
30,000	30,000	Byco Petroleum Pakistan Ltd.	348,300	180,600
30,000	30,000	Dewan Cement Ltd.	337,800	233,400
20,000	20,000	Fauji Fertilizer Bin Qasim Ltd.	528,200	319,200
10,800	10,800	Gul Ahmad Textile Mills Ltd.	547,884	309,204
80,000	40,000	K-Electric Ltd.	334,400	120,400
100,500	100,500	Kohinoor Spinning Mills Ltd.	509,535	156,780
-	5,000	Lottee Chemicals Pakistan Ltd.	-	49,750
1,500	1,500	Oil & Gas Development Company Ltd.	142,545	163,500
690	690	Pakistan Petroleum Ltd.	59,913	59,878
45,000	50,000	Pakistan Telecommunication Co.Ltd.	532,800	444,000
60,000	60,000	Power Cement Ltd.	576,600	372,000
-	20,000	Telecard Ltd.	-	24,400
30,000	-	Invest Capital Investment Bank Limited	84,900	
6,000	-	Ghani Automobile Industries	54,420	
414,490	368,490		4,057,297	2,433,112

12.1 As at June 30, 2021, shares having value of Rs.1,696,030 are pledged with Pakistan Stock Exchange Limited.

12.2 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, 2021 is not available.

13. CASH AND BANK BALANCES

	2021 Rupees	2020 Rupees
Cash-in-hand	-	625
Cash at banks in current accounts:		
- client accounts	7,228,963	37,203
- house accounts	39,600	38,604
	7,268,563	75,807
Saving account - house account	-	6,271,552
	7,268,563	6,347,984

14. SHARE CAPITAL

Issued, subscribed and paid-up:

2021 No. of shares	2020 No. of shares		Note	2021 Rupees	2020 Rupees
321,000	321,000	Ordinary shares of Rs.100 each fully paid in cash		**32,100,000**	32,100,000
450,000	450,000	Ordinary shares of Rs.100 each issued for consideration otherwise than cash		**45,000,000**	45,000,000
771,000	**771,000**			**77,100,000**	**77,100,000**

15. RESERVES

	Note	2021 Rupees	2020 Rupees
Capital reserve - share premium	15.1	**5,000,000**	5,000,000
Unrealised loss on available for sale investments		**9,746,262**	8,102,882
		14,746,262	13,102,882

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

16. SECURITY DEPOSIT

It represent security deposit received against rented out property.

17. TRADE AND OTHER PAYABLES

	Note	2021 Rupees	2020 Rupees
Creditors		**16,804**	96,573
Accrued expenses		**910,470**	449,191
Payable to clients		**664,180**	-
Tax deducted at source		**45,324**	28,865
Bank overdraft		**2,777**	-
		1,639,555	574,629

18. TAXATION - Net

	2021	2020
Opening balance	**1,296,773**	991,705
Add: provision made during the year for:		
- current year	**329,039**	1,296,773
- prior year's	**(185,015)**	(60,585)
	144,024	1,236,188
Less: adjustments / payment against completed assessments	**1,111,758**	931,120
Closing balance	**329,039**	1,296,773

18.1 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, 2020.

19. CONTINGENCIES AND COMMITMENTS

There was no known contingent liability / commitment as at June 30, 2020 and June 30, 2021.

20. OPERATING REVENUE

	Note	2021 Rupees	2020 Rupees
Brokerage income		**148,769**	-
Dividend income		**1,059,184**	809,186
Rental income		**4,472,160**	4,268,880
Account maintenance fee		**-**	14,634
		5,680,113	5,092,700

21. OTHER INCOME

	Note	2021 Rupees	2020 Rupees
Gain on sale of short term investments		**234,265**	-
Profit on deposit account		**331,560**	637,982
Gain on remeasurement of short term investments		**1,416,395**	-
Physcial shares conversion fee to CDC		**4,067,731**	-
		6,049,951	637,982

22. ADMINISTRATIVE EXPENSES

	Note	2021 Rupees	2020 Rupees
Salaries and benefits	**22.1**	**971,535**	908,707
Directors remuneration		**3,300,000**	3,300,000
Travelling		**1,300**	1,000
Vehicle's running and maintenance		**23,970**	34,490
Communication		**110,593**	115,157
Printing and stationery		**21,989**	7,290
Depreciation	**6**	**198,181**	220,076
Repair and maintenance		**172,245**	5,900
Utilities		**405,915**	385,509
Rent, rates and taxes		**368,000**	-
Insurance		**30,147**	165,762
Auditors' remuneration:			
- statutory audit fee		**125,000**	99,300
- other services		**15,000**	47,328
		140,000	146,628
Fee and subscription		**168,630**	112,916
Brokerage expenses		**193,733**	85,674
Entertainment		**19,308**	15,635
Legal and professional charges (other than Auditors')		**198,230**	-
Receivable balances written-off		**4,193,325**	-
Others		**38,360**	29,395
		10,555,461	5,534,139

22.1 These include Rs.100,371 (2020: Rs.68,656) in respect of staff retirement benefits- gratuity.

23. TAXATION

	Note	2021 Rupees	2020 Rupees
Current		**329,039**	1,296,773
Prior year		**(185,015)**	(60,585)
		144,024	1,236,188

24. 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 11.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

25.1 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.

26.1.1 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.

(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.

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.406 thousand (2020: Rs.243 thousand).

26.1.2 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, 2021 along with comparative is tabulated below:

	2021 Rupees	2020 Rupees
Long term investments	**48,533,590**	46,890,210
Security deposits	**1,508,339**	1,448,339
Trade debts	**1,595,393**	4,231,593
Advances and other receivables	**1,521,605**	1,426,606
Short term investments	**4,057,297**	2,433,112
Bank balances	**7,268,563**	6,347,359
	64,484,787	62,777,219

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.

26.1.3 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:

Particulars	Carrying amount	Contractual cash flows	Less than one year
	--------------- Rupees	---------------	
As at June 30, 2021			
Trade and other payables	**1,594,231**	**1,594,231**	**1,594,231**
As at June 30, 2020			
Trade and other payables	545,764	545,764	545,764

25.2 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, 2021:

	Level 1	Level 2	Level 3
	Rupees		
As at June 30, 2021			
Assets			
Long term investments	**-**	**-**	**48,533,590**
Short term investments	**4,057,297**	**-**	**-**
As at June 30, 2020			
Assets			
Loan term investments	-	-	46,890,210
Short term investments	2,433,112	-	-

25.3 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, 2021, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

25.4 Financial instruments by category

	2021				2020			
	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	-	48,533,590	-	48,533,590	-	46,890,210	-	46,890,210
Security deposits	1,508,339	-	-	1,508,339	1,448,339	-	-	1,448,339
Trade debts	1,595,393	-	-	1,595,393	4,231,593	-	-	4,231,593
Loan advances and other receivables	1,521,605	-	-	1,521,605	1,426,606	-	-	1,426,606
Short term investments	-	-	4,057,297	4,057,297	-	-	2,433,112	2,433,112
	4,625,337	48,533,590	4,057,297	57,216,224	7,106,538	46,890,210	2,433,112	56,429,860

Financial liabilities as per statement of financial position	Financial liabilities measured at amortised cost 2021	2020
	--- Rupees ---	
Security deposit	**560,000**	560,000
Trade and other payables	**1,639,555**	574,629
	2,199,555	1,134,629

26. 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.

27. REMUNERATION OF CHIEF EXECUTIVE

Remuneration amounting Rs.3,300 thousand (2020: Rs.3,300 thousand) has been paid to Chief Executive of the Company.

28. NUMBER OF EMPLOYEES

	2021	2020
Number of employees as at June 30,	3	3
Average number of employees during the year	3	3

29. PATTERN OF SHAREHOLDING

As at June 30, 2021, Ms. Sahar Saifullah Khan (Chief Executive) held more than 5% of the issued, subscribed and paid-up capital of the Company.

30. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 05, 2021 by the board of directors of the Company.

31. 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