

**ABA ALI HABIB SECURITIES (PRIVATE) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2019**

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF ABA ALI HABIB SECURITIES (PRIVATE) LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the directors' report but does not include the financial statements and our auditor's report thereon.

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.

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

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

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

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

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

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

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

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

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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, the statement of 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) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is **Ahsan Elahi Vohra - FCA**

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*Naveed Zafar Ashfaq Jaffery & Co*  
Chartered Accountants

Dated : 05 OCT 2019  
Karachi :



ABA ALI HABIB SECURITIES (PRIVATE) LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2019

| Notes  | 2019                 | Restated<br>2018 | Restated<br>2017 |
|--|----------------------|------------------|------------------|
|  | ----- (Rupees) ----- |                  |                  |
| <b>EQUITY AND LIABILITIES</b>                                  |                      |                  |                  |
| <b>Share capital and reserves</b>                              |                      |                  |                  |
| <b>Authorized share capital</b>                                |                      |                  |                  |
| 20,000,000 (2018: 20,000,000) Ordinary Shares of Rs. 10/- each | 200,000,000          | 200,000,000      | 200,000,000      |
| Issued, subscribed and paid-up capital                         | 200,000,000          | 200,000,000      | 200,000,000      |
| Loan from sponsor -related party                               | -                    | -                | 83,500,000       |
| Unappropriated profit  | 373,914,111          | 439,281,897      | 674,082,849      |
|  | 573,914,111          | 639,281,897      | 957,582,849      |
| <b>Non Current liabilities</b>                                 |                      |                  |                  |
| Deferred taxation  | 1,207,954            | -                | -                |
| <b>Current liabilities</b>                                     |                      |                  |                  |
| Short term loans from related parties- unsecured               | 68,143,873           | 71,058,203       | 188,677,780      |
| Trade and other payables                                       | 134,895,116          | 69,619,003       | 376,295,192      |
| Short term borrowings  | 223,377,350          | 729,226,705      | 63,814,935       |
| Accrued markup   | 2,479,257            | 13,444,166       | 2,484,671        |
|  | 428,895,596          | 883,348,077      | 631,272,578      |
|  | 1,004,017,661        | 1,522,629,974    | 1,588,855,427    |
| Contingencies and commitments                                  | -                    | -                | -                |
| <b>ASSETS</b>  |                      |                  |                  |
| <b>Non-current assets</b>                                      |                      |                  |                  |
| Property and equipment   | 11,952,857           | 4,479,326        | 431,783          |
| Intangible assets  | 2,500,000            | 2,500,000        | 5,000,000        |
| Deferred taxation  | -                    | 194,965          | 34,049           |
| Long term investments  | -                    | 21,526,750       | 49,603,583       |
| Long term deposits   | 2,115,000            | 2,115,000        | 1,615,000        |
|  | 16,567,857           | 30,816,041       | 56,684,415       |
| <b>Current assets</b>  |                      |                  |                  |
| Trade debts - considered good                                  | 163,262,774          | 16,226,479       | 25,490,122       |
| Short term investment  | 589,546,743          | 1,232,600,864    | 827,366,171      |
| Short term deposits  | 15,531,015           | 23,450,309       | 161,858,124      |
| Advances and other receivables                                 | 68,461,685           | 88,932,029       | 359,726,359      |
| Advance tax - net of provision                                 | 117,958,982          | 90,403,973       | 88,011,243       |
| Cash and bank balances   | 32,688,605           | 40,200,279       | 69,718,993       |
|  | 987,449,804          | 1,491,813,933    | 1,532,171,012    |
|  | 1,004,017,661        | 1,522,629,974    | 1,588,855,427    |

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

  
Chief Executive

  
Director

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ABA ALI HABIB SECURITIES (PRIVATE) LIMITED  
STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2019

|   |      | 2019                       | Restated<br>2018            |
|---|------|----------------------------|-----------------------------|
|   | Note | ----- (Rupees) -----       | -----                       |
| Operating revenue   | 21   | 86,515,553                 | 55,585,791                  |
| Capital loss on sale investments  |      | (1,523,457)                | (1,525,483)                 |
| Loss on re-measurement of investments -<br>at fair value through profit or loss |      | (75,310,342)               | (193,683,852)               |
| Impairment loss on Trading Right Entitlement Certificate                        | 13.1 | -                          | (2,500,000)                 |
|   |      | <u>9,681,754</u>           | <u>(142,123,544)</u>        |
| Administrative expenses   | 22   | (71,236,943)               | (44,048,318)                |
| <b>Operating loss</b>   |      | <u>(61,555,189)</u>        | <u>(186,171,862)</u>        |
| Other income  | 23   | 15,517,204                 | 30,568,868                  |
|   |      | <u>(46,037,985)</u>        | <u>(155,602,994)</u>        |
| Finance cost  | 24   | (17,383,018)               | (34,411,365)                |
| <b>Loss before taxation</b>   |      | <u>(63,421,003)</u>        | <u>(190,014,359)</u>        |
| Taxation  | 25   | (1,946,783)                | (44,786,593)                |
| <b>Loss after taxation for the year</b>   |      | <u><u>(65,367,786)</u></u> | <u><u>(234,800,952)</u></u> |
| <b>Loss per share - basic and diluted</b>                                       | 26   | <u><u>(3.27)</u></u>       | <u><u>(11.74)</u></u>       |

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

  
Chief Executive

  
Director

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2019

|  | 2019                 | Restated<br>2018     |
|--|----------------------|----------------------|
|  | ----- (Rupees) ----- |                      |
| Loss after taxation for the year   | (65,367,786)         | (234,800,952)        |
| Other comprehensive loss:  |                      |                      |
| Items that may be reclassified to profit and loss account                              |                      |                      |
| Unrealized loss on remeasurement of fair value through other comprehensive investments | -                    | -                    |
| <b>Total comprehensive loss for the year</b>   | <b>(65,367,786)</b>  | <b>(234,800,952)</b> |

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

  
Chief Executive

  
Director



ABA ALI HABIB SECURITIES (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2019

|  | Issued,<br>subscribed and<br>paid-up capital | Loan from<br>sponsor-<br>related party | Unappropriated<br>profit | Unrealised loss<br>on<br>remeasurement<br>of investments | Total              |
|--|--|--|--------------------------|--|--------------------|
| Balance as at June 30, 2017<br>(as originally reported)        | 200,000,000                                  | 83,500,000                             | 684,918,811              | (10,835,962)   | 957,582,849        |
| Effect of change in accounting policy                          |  |  | (10,835,962)             | 10,835,962   |                    |
| Balance as at June 30, 2017 (as restated)                      | 200,000,000                                  | 83,500,000                             | 674,082,849              | -  | 957,582,849        |
| Repayment of loan  | -  | (83,500,000)                           | -                        | -  | (83,500,000)       |
| Total Comprehensive income for the year<br>ended June 30, 2018 |  |  |                          |  |                    |
| - Loss after taxation (Restated)                               | -  | -                                      | (234,800,952)            |  | (234,800,952)      |
| Balance as at June 30, 2018 (as restated)                      | 200,000,000                                  | -                                      | 439,281,897              | -  | 639,281,897        |
| Total Comprehensive loss for the year<br>ended June 30, 2019   |  |  |                          |  |                    |
| - Loss after taxation  | -  | -                                      | (65,367,786)             | -  | (65,367,786)       |
| Balance as at June 30, 2019                                    | <u>200,000,000</u>                           | <u>-</u>                               | <u>373,914,111</u>       | <u>-</u>   | <u>573,914,111</u> |

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

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Chief Executive

  
Director



ABA ALI HABIB SECURITIES (PRIVATE) LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019

|  | 2019<br>----- (Rupees) ----- | 2018                     |
|--|------------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                              |                          |
| Loss before taxation   | (63,421,003)                 | (190,014,359)            |
| <b>Adjustments for :</b>   |                              |                          |
| - Depreciation   | 1,656,719                    | 156,423                  |
| - Capital Loss on sale of investment   | 1,523,457                    | 1,525,483                |
| - Unrealized loss in the value of investment<br>at 'fair value through profit or loss' | 75,310,342                   | 193,683,852              |
| - Gain on disposal of property and equipment   | -                            | (580,966)                |
| - Impairment loss on TREC  | -                            | 2,500,000                |
| - Dividend income  | (13,359,577)                 | -                        |
| - Finance income   | (1,379,508)                  | -                        |
| - Finance cost   | 17,383,018                   | 34,411,365               |
|  | <u>81,134,451</u>            | <u>231,696,157</u>       |
| Cash generated from operating activities before working capital changes                | 17,713,448                   | 41,681,798               |
| <b>(Increase) / decrease in current assets:</b>  |                              |                          |
| Trade debts - considered good  | (147,036,295)                | 9,263,643                |
| Advances and other receivables   | 20,222,044                   | 270,794,330              |
| Short term deposits  | 7,919,294                    | 138,407,815              |
| <b>Increase / (decrease) in current liabilities:</b>                                   |                              |                          |
| Trade and other payables   | 65,276,113                   | (306,676,189)            |
|  | (53,618,844)                 | 111,789,599              |
| Finance cost paid  | (28,347,927)                 | (23,451,870)             |
| Taxes paid   | (28,098,873)                 | (47,501,155)             |
| <b>Net cash (used) in / generated from operating activities</b>                        | <u>(92,352,196)</u>          | <u>82,518,372</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                              |                          |
| Acquisition of property and equipment  | (9,130,250)                  | -                        |
| Proceeds from disposal of property and equipment                                       | -                            | 975,001                  |
| Payment for / proceeds from short term investment                                      | 587,747,072                  | (660,304,280)            |
| Dividend income  | 13,607,877                   | -                        |
| Finance income   | 1,379,508                    | -                        |
| Long term deposits   | -                            | (500,000)                |
| <b>Net cash generated / (used) in from investing activities</b>                        | <u>593,604,207</u>           | <u>(659,829,279)</u>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                              |                          |
| Short term loans from related parties- unsecured                                       | (2,914,330)                  | (117,619,577)            |
| Short term borrowings  | (505,849,355)                | 665,411,770              |
| <b>Net cash (used in) / generated from financing activities</b>                        | <u>(508,763,685)</u>         | <u>547,792,193</u>       |
| <b>Net (decrease) in cash and cash equivalents during the year</b>                     | <u>(7,511,674)</u>           | <u>(29,518,714)</u>      |
| Cash and cash equivalents at the beginning of the year                                 | 40,200,279                   | 69,718,993               |
| <b>Cash and cash equivalents at the end of the year</b>                                | <u><u>32,688,605</u></u>     | <u><u>40,200,279</u></u> |

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

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Chief Executive

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*Director*



**ABA ALI HABIB SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

Aba Ali Habib Securities (Private) Limited The company was incorporated on 8th May 1996 as a private limited company under the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017).

The Company is a TREC (Trading Right Entitlement Certificate) holder of Pakistan Stock Exchange Limited (Formerly: Karachi Stock Exchange Limited). The Company is principally engaged in brokerage of shares, stocks, securities, securities research and other related jobs. The registered office of the company is 419, Stock Exchange Building, Stock Exchange Road, Karachi.

**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 for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of such International Financial Reporting Standards ( IFRS Standards), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the "Act"); and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Companies Act,2017 differ from the IFRS standard, 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 historical cost convention except, for certain property and equipment and intangible assets, which have been stated at revalued amounts and financial assets and financial liabilities which have been stated at their fair values.

**2.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to nearest rupee.

**2.4 Significant accounting estimates and judgements**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience, industry trends, legal and technical pronouncements and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these financial statements relate to the following:

- (a) determination of the residual values and useful lives of property and equipments and intangible assets (note 5.2 & 5.3)
- (b) Trade debts (note 5.9)
- (c) current tax and deferred tax (note 5.10)
- (d) Provisions (note 5.13)

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### 3 Standards, amendments and interpretations adopted during the year

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

#### 3.1 New and amended standards and interpretations

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

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

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

#### Standards, Interpretations and Amendments not yet effective

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

| 3.2 Standards or interpretations   | Effective Date<br>(Annual period beginning on or after) |
|--|---|
| IFRS 9 - Payment Features with Negative Compensation (Amendments)        | January 1, 2019   |
| IFRS 16 - Leases   | January 1, 2019   |
| IFRS 3 - Business Combinations   | January 1, 2020   |
| IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)          | January 1, 2019   |
| IAS 28 - Long term Interest in Associate and Joint Ventures (Amendments) | January 1, 2019   |
| IAS 1 - Presentation of Financial Statements                             | January 1, 2020   |
| IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors  | January 1, 2020   |
| IFRIC 23 - Uncertainty over income tax treatments                        | January 1, 2019   |

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation / disclosures.

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

#### Standards, Interpretations and Amendments not yet effective

IFRS 1 - First Time adoption of International Financial Reporting Standards

IFRS 14 - Regulatory deferral accounts

IFRS 17 - Insurance contracts

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 'Business Combinations' and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when an entity increases its interest in a joint operation that meets the definition of a business. An entity remeasures its previously held interest in a joint operation when it obtains

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control of the business. An entity does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that an entity treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

#### 4 INITIAL APPLICATION OF IFRS 9 AND IFRS 15

With effect from July 01, 2018, the Company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers'. Following is the analysis as to whether and, if so, how the adoption of these new standards has an impact on the financial statements.

##### 4.1 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. The method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Under this transition method, comparative information for prior periods has not been restated and continues to be reported in accordance with the previous standard under IAS 18 and related interpretations.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position and /or financial performance of the Company. Accordingly there was no adjustment to retained earnings on application of IFRS 15 at 1 July 2018.

##### 4.2 IFRS 9 'Financial Instruments'

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

###### i) *Classification and measurement of financial assets and financial liabilities*

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available-for-sale. IFRS 9 classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost

The accounting policies that apply to financial instruments are stated below.

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The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the the Company's financial assets as at July 01, 2018:

|                               | Original classification<br>under IAS 39 | New classification under<br>IFRS 9 | Original<br>carrying<br>amount | New<br>carrying<br>amount |
|-------------------------------|---|------------------------------------|--------------------------------|---------------------------|
| As at June 30, 2018           |   |                                    | ----- Rupees -----             |                           |
| Investments                   | Available-for-sale                      | *At FVOCI                          | 21,526,750                     | 21,526,750                |
| Long term deposits            | Loans and receivables                   | At amortized cost                  | 2,115,000                      | 2,115,000                 |
| Short term investment         | Held for trading                        | Mandatorily *At FVTPL              | 1,232,600,864                  | 1,232,600,864             |
| Trade debts                   | Loans and receivables                   | At amortized cost                  | 16,226,479                     | 16,226,479                |
| Advances - considered good    | Loans and receivables                   | At amortized cost                  | 88,932,029                     | 88,932,029                |
| Cash and bank balances        | Loans and receivables                   | At amortized cost                  | 32,688,605                     | 32,688,605                |
| <b>Total financial assets</b> |   |                                    | <u>1,394,089,727</u>           | <u>1,394,089,727</u>      |

\* At fair value through other comprehensive income

\* At fair value through profit and loss

Though upon initial application of IFRS 9, the classification of financial assets changed as aforesaid, the said change had no impact on the carrying amount of those financial assets as on July 01, 2018 (i.e. the date of initial application of IFRS 9).

Further, in accordance with the irrevocable election available under IFRS 9, the Company elected to present, in other comprehensive income, subsequent changes in the fair value of all its investments in ordinary shares of listed companies (which, previously, were classified as 'available-for-sale' under IAS 39) since these investments were not considered as held for the purpose of frequent trading. However, in accordance with an option available under the transitional provisions of IFRS 9, the said change in classification of investments was only accounted for as at July 01, 2018 (and not retrospectively) and, hence, the comparative figures reported in the balance sheet, profit and loss account, statement of comprehensive income and the cash flow statement have not been restated.

The adoption of IFRS 9 did not have a significant effect on the the Company's accounting policies related to financial liabilities.

## ii) *Impairment*

IFRS 9 replaces the 'incurred loss' model of IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Under IFRS 9, loss allowances are measured on either of the following basis:

12 - months ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date; and

Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure provision against financial assets on the basis of lifetime ECLs.

Lifetime ECL is only recognised if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such as the Company's internal factors and economic environment of the customers) on ECLs.

### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

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## Presentation of impairment

Provision against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## Impact of the new impairment model

For assets within the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements on the reporting date doesn't have a material impact on provision for doubtful debts measured under IAS 39.

## 5 SUMMARY SIGNIFICANT ACCOUNTING POLICIES

- 5.1 During the year, the Company changed its accounting policy for measurement of its short term investment from Available for sale (AFS) category to Financial Asset at Fair Value through profit or loss (FVTPL) category.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors' and comparative figures have been restated.

Retrospective application of changes in classification of financial assets due to adoption of IFRS 9 has had the following effects on the amounts presented for 30 June 2018 and 01 July 2017.

### Effects on the statement of financial position

|  | Unappropriated profits | Surplus on re-measurement of 'available-for-sale' investments |
|--|------------------------|---|
|  | Rupees                 |   |
| Balance as at June 30, 2017 (as previously reported)                       | 684,918,811            | (10,835,962)  |
| Effect of restatement as on June 30, 2017                                  |                        |   |
| Reclassification of surplus on re-measurement of investments to fair value | (10,835,962)           | 10,835,962  |
| <b>Balance as at June 30, 2017 (as restated)</b>                           | <b>674,082,849</b>     | <b>-</b>  |
| Balance as at June 30, 2018 (as previously reported)                       | 456,657,631            | (17,375,734)  |
| Effect of restatement as on June 30, 2018                                  |                        |   |
| Reclassification of surplus on re-measurement of investments to fair value | (17,375,734)           | 17,375,734  |
| <b>Balance as at June 30, 2018 (as restated)</b>                           | <b>439,281,897</b>     | <b>-</b>  |

### Effects on comprehensive income for the year ended June 30, 2018

|  | Rupees             |
|--|--------------------|
| Effects on profit or loss  |                    |
| Recognition of change in unrealized loss on remeasurement of investments | (6,539,772)        |
| <b>Decrease in profit before and after taxation</b>                      | <b>(6,539,772)</b> |
| Effects on other comprehensive income                                    |                    |
| Derecognition of unrealized loss on remeasurement of investments         | 6,539,772          |
| <b>Non-recognition of other comprehensive loss</b>                       | <b>6,539,772</b>   |
| <b>Net effect on total comprehensive loss</b>                            | <b>-</b>           |



## 5.2 Property and equipment

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies and methods of computation have been consistently applied to all the periods presented, unless otherwise stated.

### Owned

Property and equipment (except for office premises) are stated at cost less accumulated depreciation and impairment losses, if any. Office premises are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Depreciation is charged to profit and loss account by applying the reducing balance method systematically on yearly basis at the rates specified in note 10. Depreciation on additions to property and equipment is charged from the month in which an item is acquired while no depreciation is charged in the month the item is disposed off. Surplus on revaluation of property and equipment is credited to surplus on revaluation of fixed assets account. To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation of fixed assets - net of deferred tax is transferred directly to equity.

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such an indication exists the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amount; and the impairment losses are recognised in the profit and loss account.

The residual value, depreciation method and the useful lives of each part of property and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of assets, if any are included in profit and loss account for the current year.

Normal repairs and maintenance costs are charged to profit and loss account in the period of its occurrence, while major renovations and improvements are capitalized only when it is probable that the future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Disposal of assets is recognized when significant risk and rewards incidental to the ownership have been transferred to the buyers.

### Leased

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the leases are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets by applying straight line method systematically on yearly basis at the rates specified in note 12.

## 5.3 Intangible assets

This represents Trading Right Entitlement Certificate of Pakistan Stock Exchange.

TRE Certificate is considered to have indefinite useful life and stated at revalued amount. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and when carrying value exceeds estimated recoverable amount, these are written to their estimated recoverable amount.

## 5.4 Borrowing costs

Borrowing costs are interest or other costs incurred by the Company in connection with the borrowing of funds. Borrowing cost that is directly attributable to a qualifying asset, i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, is capitalized as part of cost of that asset. All other borrowing costs are charged to income in the period in which they are incurred.

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## 5.5 Financial assets

### 5.5.1 Classification and initial measurement

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

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

(a) *Financial assets measured at amortized cost*

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

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

(b) *Financial assets at FVOCI*

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

- (a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or
- (b) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company to at initial recognition.

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

(c) *Financial assets at FVTPL*

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

Such financial assets are initially measured at fair value.

### 5.5.2 Subsequent measurement

(a) *Financial assets measured at amortized cost*

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

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

(b) *Financial assets at FVOCI*

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

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



(c) *Financial assets at FVTPL*

These assets are subsequently measured at fair value.

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

### 5.5.3 Impairment

The Company's only financial asset that is subject to the impairment requirements of IFRS 9 is trade receivables.

The Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Company measures expected credit losses on trade receivables in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit and loss account, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

### 5.5.4 De-recognition

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

### 5.6 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit and loss account.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

### 5.7 Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

### 5.8 Long term deposits

These are stated at cost which represents the fair value of consideration given.

### 5.9 Trade debts

Trade and other receivables are recognized at fair value and subsequently measured at amortised cost less impairment losses, if any. Actual credit loss experience over past years is used to base the calculation of expected credit loss. Trade and other receivables considered irrevocable are written off.

### 5.10 Taxation

#### *Current*

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



## **Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is not recognised for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill. be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

### **5.11 Revenue recognition**

Revenue is recognized 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 the consideration received or receivable. Revenue is recognized on the following basis:

- Brokerage income is recognized as and when such services are provided.
  - Interest income is recognized at effective yield on time proportion basis.
  - Dividend income is recorded when the right to receive the dividend is established.
- Unrealized capital Gains / (losses) arising from mark to market of investments classified as at financial assets at fair value through profit or loss are included in profit and loss account for the period in which they arise.

### **5.12 Expenses**

All expenses are recognized in the profit and loss account on an accrual basis.

### **5.13 Provisions**

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

### **5.14 Creditors, accrued and other liabilities**

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

### **5.15 Dividend**

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

### **5.16 Cash and cash equivalents**

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Running finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of cash flow statement.

### **5.17 Earning per share**

Earning per share is calculated by dividing the profit after taxation for the year by the weighted average number of shares outstanding during the year.

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|   | Note  | 2019<br>----- (Rupees) -----        | 2018<br>-----      |
|---|---|-------------------------------------|--------------------|
| <b>6 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>                         |   |                                     |                    |
| This comprises fully paid-up ordinary shares of Rs. 10 each as follows: |   |                                     |                    |
|   |   | 2019<br>----- (No. of shares) ----- | 2018<br>-----      |
|   |   | 6,500,000                           | 6,500,000          |
|   | Issued for cash   |                                     | 65,000,000         |
|   |   | 13,500,000                          | 13,500,000         |
|   | Issued otherwise than in cash   |                                     | 135,000,000        |
|   |   | <u>20,000,000</u>                   | <u>20,000,000</u>  |
|   |   | <u>200,000,000</u>                  | <u>200,000,000</u> |
| <b>7 DEFERRED TAXATION</b>  |   |                                     |                    |
| Opening deferred tax (asset)/liability                                  |   | (194,965)                           | (34,049)           |
| Charge/(Reversal) during the year                                       |   | 1,402,919                           | (160,916)          |
| Closing deferred tax (asset)/ liability                                 |   | <u>1,207,954</u>                    | <u>(194,965)</u>   |
| <b>Deferred tax (asset) / liability arising in respect of</b>           |   |                                     |                    |
| Accelerated tax depreciation allowance                                  |   | 4,165,359                           | (649,883)          |
| <b>8 SHORT TERM LOAN FROM RELATED PARTIES-UNSECURED</b>                 |   |                                     |                    |
| Loan from directors   |   | -                                   | 2,914,330          |
| Payable to Abid Ali Habib Securities (Private) Limited                  | 8.1   | 68,143,873                          | 68,143,873         |
|   |   | <u>68,143,873</u>                   | <u>71,058,203</u>  |
| 8.1   | This represents loan provided by related party "Abid Ali Habib Securities (Private) Limited". The loan is interest free and is repayable on demand. |                                     |                    |
| <b>9 TRADE AND OTHER PAYABLES</b>                                       |   |                                     |                    |
| Trade payables  |   | 42,541,942                          | 48,821,918         |
| Future Profit and Cash Margin withheld                                  |   | 82,681,032                          | 16,796,260         |
| Sales tax payable   |   | 320,135                             | 297,263            |
| Withholding tax payable   |   | 2,024,268                           | 280,780            |
| Capital value tax   |   | 82,619                              | 70,199             |
| CDC and NCSS payable  |   | 531,190                             | -                  |
| Accrued expenses  |   | 5,267,280                           | 877,663            |
| Dealer payable  |   | 189,843                             | 334,520            |
| Other payables  |   | 1,256,807                           | 2,140,400          |
|   |   | <u>134,895,116</u>                  | <u>69,619,003</u>  |

|   | Note | 2019<br>----- (Rupees) ----- | 2018<br>-----      |
|---|------|------------------------------|--------------------|
| <b>10 SHORT TERM BORROWING - SECURED</b>  |      |                              |                    |
| From banking companies and other financial institutions other than related parties: |      |                              |                    |
| Summit bank limited   | 10.1 | -                            | 219,256,700        |
| Soneri bank limited   | 10.2 | 72,569,970                   | 10,110,663         |
| Askari bank limited   | 10.3 | 115,881,750                  | 299,946,444        |
| Bank alfalah limited  | 10.4 | 34,925,630                   | 199,912,898        |
|   |      | <u>223,377,350</u>           | <u>729,226,705</u> |

10.1 The Company had a running finance facility amounting upto Rs. Nil (2018: 500 million) from the Summit Bank Limited. This arrangement carries mark-up @ 3 months KIBOR plus 2% per annum. This arrangement is secured by pledge of shares and personal guarantee of director Mr. Aba Ali Habib.

10.2 The Company has a running finance facility amounting upto Rs. 300 million (2018: 150 million) from Soneri Bank Limited . This arrangement carries mark-up @ 3 months KIBOR +1.5% per annum . This arrangement is secured against pledge of shares of companies registered in CDC on as per bank's approved list at margin of 30%-50% and personal guarantees of director Mr Aba Ali Habib.

10.3 The Company has a running finance facility amounting upto Rs. 300 million (2018: 300 million) from the Askari Bank Limited for one year. This arrangement carries mark-up @ 3 months KIBOR plus 1.75% per annum . This arrangement is secured against pledgeS over shares/ Third party shares as per bank's approved FAS list. Facility to be allowed against 'A' & 'B' category scripts with 30% - 40% margin respectively and personal guarantees of director Mr Aba Ali Habib.

10.4 The Company has a running finance facility amounting upto Rs. 200 million (2018: 200 million) from the Bank alfalah Limited for one year. This arrangement carries mark-up @ 1 months KIBOR plus 1.50% per annum . This arrangement is secured against pledge of shares in CDC acceptable to BAFL as per RMD approved list valuing Rs. 333.333 M with 40% margin or as per SBP requirement whichever is high and personal guarantees of director Mr Aba Ali Habib.

## 11 CONTINGENCIES AND COMMITMENTS

### Contingencies

A bank guarantee of Rs.35 million (2018: Rs.35 million) has been provided to Pakistan Stock Exchange- National Clearing Company of Pakistan Limited for deposit of Margin/Exposure to Pakistan Stock Exchange/National Clearing Company of Pakistan Limited against the security of pledge of shares and personal guarantee of only one sponsor director Mr. Aba Ali Habib.

### Commitments

There are no commitments as at June 30, 2019 (2018: Nil).

|                                       |      |                   |                  |
|---------------------------------------|------|-------------------|------------------|
| <b>12 PROPERTY AND EQUIPMENT</b>      | 12.1 | <u>11,952,857</u> | <u>4,479,326</u> |
| <b>13 INTANGIBLE ASSETS</b>           |      |                   |                  |
| Trading Right Entitlement Certificate | 13.1 | 2,500,000         | 5,000,000        |
| Impairment in the value of TREC       |      | -                 | (2,500,000)      |
|                                       |      | <u>2,500,000</u>  | <u>2,500,000</u> |

13.1 These represent Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

During the year PSX directed all TRE holders through its letter dated November 10, 2017 to revise the value of its TREC to 2.5 million for the purpose of Base Minimum Capital requirement.

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|             |                              | Note             | 2019<br>----- (Rupees) ----- | 2018<br>-----     |
|-------------|------------------------------|------------------|------------------------------|-------------------|
| <b>14</b>   | <b>LONG TERM INVESTMENTS</b> |                  |                              |                   |
|             | - PSX shares                 | <b>14.1</b>      | <u>-</u>                     | <u>21,526,750</u> |
| <b>14.1</b> | <b>2019</b>                  |                  |                              |                   |
|             | <b>No. of shares</b>         |                  |                              |                   |
|             | <b>2018</b>                  |                  |                              |                   |
|             | 1,089,962                    | 1,602,953        | 21,526,750                   | 41,163,833        |
|             | (1,089,962)                  | -                | (21,526,750)                 | -                 |
|             | -                            | -                | -                            | (6,539,772)       |
|             | -                            | (512,991)        | -                            | (13,097,311)      |
|             |                              |                  |                              |                   |
|             | <u>-</u>                     | <u>1,089,962</u> | <u>-</u>                     | <u>21,526,750</u> |

Investment in shares of Pakistan Stock Exchange Limited is carried at the fair value. 1,089,962 of total shares remains in Company's CDC account which are frozen. Subsequent to the reporting date these shares have been unfrozen therefore these shares have been classified as in the current assets as short term investment.

#### 15 LONG TERM DEPOSITS

|   |                  |                  |
|---|------------------|------------------|
| Clearing house deposit                        | 100,000          | 100,000          |
| Pakistan Stock Exchange                       | 10,000           | 10,000           |
| LSE Clearing / NCSS deposit                   | 330,000          | 330,000          |
| Booth deposit                                 | 75,000           | 75,000           |
| SLB exposure                                  | 100,000          | 100,000          |
| National Clearing Company of Pakistan Limited | 1,300,000        | 1,300,000        |
| Central Depository Company                    | 200,000          | 200,000          |
|   | <u>2,115,000</u> | <u>2,115,000</u> |

#### 16 TRADE DEBTS - CONSIDERED GOOD

|                                 |                    |                   |
|---------------------------------|--------------------|-------------------|
| Receivable under Margin Finance | 157,734,336        | -                 |
| Trade debts- considered good    | 5,528,438          | 16,226,479        |
|                                 | <u>163,262,774</u> | <u>16,226,479</u> |

#### 16.1 Aging analysis

|               |                  |                   |
|---------------|------------------|-------------------|
| Within 5 days | 3,415,235        | 5,192,186         |
| Above 5 days  | 2,113,203        | 11,034,293        |
|               | <u>5,528,438</u> | <u>16,226,479</u> |

#### 17 SHORT TERM INVESTMENTS - (at fair value through profit or loss)

|                          |                    |                      |
|--------------------------|--------------------|----------------------|
| Quoted equity securities | <u>589,546,743</u> | <u>1,232,600,864</u> |
|--------------------------|--------------------|----------------------|

#### 18 SHORT TERM DEPOSITS

|                                    |                   |                   |
|------------------------------------|-------------------|-------------------|
| Future deposit with PSX and Others | <u>15,531,015</u> | <u>23,450,309</u> |
|------------------------------------|-------------------|-------------------|

18.1 These represents amounts of deposits held at the year end against exposure arising out of trading in securities in accordance with the regulation of PSX and NCCPL, respectively.

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|  | Note  | 2019<br>----- (Rupees) ----- | 2018<br>-----     |
|--|---|------------------------------|-------------------|
| <b>19 ADVANCES AND OTHER RECEIVABLES</b>       |   |                              |                   |
| Receivable from PSX                            |   | 67,652,330                   | -                 |
| Receivable from client                         |   | -                            | 78,188,316        |
| Advance to staff                               |   | 25,092                       | 10,023,930        |
| Other receivables                              |   | 784,263                      | 719,783           |
|  |   | <u>68,461,685</u>            | <u>88,932,029</u> |
| <b>20 Cash &amp; BANK BALANCES</b>             |   |                              |                   |
| In Hand  |   | 2,409                        | -                 |
| At banks:                                      |   |                              |                   |
| - Current accounts                             |   | 32,354,775                   | 40,184,093        |
| - Saving accounts                              |   | 331,421                      | 16,186            |
|  |   | <u>32,688,605</u>            | <u>40,200,279</u> |
| <b>20.1</b>                                    | The interest rates on saving accounts range from 10% to 15% per annum (2018: from 5% to 10%). |                              |                   |
| <b>21 OPERATING REVENUE</b>                    |   |                              |                   |
| Brokerage income                               |   | 43,509,139                   | 40,083,603        |
| Income from MFS & MTS                          |   | 38,077,126                   | 10,390,331        |
| IPO and book building commission               |   | 3,587,151                    | 5,111,857         |
| Account Maintenance Charges                    |   | 1,342,137                    | -                 |
|  |   | <u>86,515,553</u>            | <u>55,585,791</u> |
| <b>22 ADMINISTRATIVE AND OPERATING EXPENSE</b> |   |                              |                   |
| Salaries, Commission and allowances            |   | 41,028,330                   | 19,306,179        |
| Electricity charges                            |   | 951,153                      | 828,470           |
| Rent expense                                   |   | 715,520                      | 313,750           |
| Laga expenses                                  |   | 15,944,254                   | 15,559,721        |
| CDC charges                                    |   | 2,285,031                    | 1,959,924         |
| Travelling expenses                            |   | 116,203                      | 38,716            |
| Office repair and maintenance                  |   | 809,637                      | 109,310           |
| Legal and professional charges                 |   | 790,098                      | 558,914           |
| Auditors' remuneration                         | 22.1  | 325,000                      | 325,000           |
| Telephone and mobile                           |   | 756,005                      | 862,840           |
| Depreciation                                   |   | 1,656,719                    | 156,423           |
| Printing and stationery                        |   | 147,575                      | 192,827           |
| Computer hardware and software fees            |   | 1,967,908                    | 1,467,177         |
| Entertainment expenses                         |   | 333,470                      | 570,839           |
| Vehicle running expense                        |   | 274,116                      | 508,088           |
| IT service                                     |   | 713,500                      | 510,650           |
| Miscellaneous and general expenses             |   | 654,039                      | 55,813            |
| Donations                                      |   | 820,072                      | -                 |
| Courier and Postage                            |   | 64,988                       | 63,804            |
| Marketing                                      |   | 883,325                      | 659,873           |
|  |   | <u>71,236,943</u>            | <u>44,048,318</u> |



|  | Note            | 2019<br>----- (Rupees) ----- | 2018<br>-----        |
|--|-----------------|------------------------------|----------------------|
| <b>22.1 Auditors' remuneration</b>           |                 |                              |                      |
| Audit fee                                    |                 | 125,000                      | 125,000              |
| Other certifications                         |                 | 200,000                      | 200,000              |
|  |                 | <u>325,000</u>               | <u>325,000</u>       |
| <b>23 OTHER INCOME</b>                       |                 |                              |                      |
| Profit on bank deposit                       |                 | 1,379,508                    | 965,603              |
| Profit on PSX margin                         |                 | 778,119                      | 625,827              |
| Dividend income on shares                    |                 | 13,359,577                   | 28,396,472           |
| Gain on disposal of fixed assets             |                 | -                            | 580,966              |
|  |                 | <u>15,517,204</u>            | <u>30,568,868</u>    |
| <b>24 FINANCE COST</b>                       |                 |                              |                      |
| Bank charges                                 |                 | 945,439                      | 696,480              |
| Mark-up on running finance                   |                 | 16,437,579                   | 33,714,885           |
|  |                 | <u>17,383,018</u>            | <u>34,411,365</u>    |
| <b>25 TAXATION</b>                           |                 |                              |                      |
| Current tax                                  |                 | 543,864                      | 44,947,509           |
| Deferred expense / (Income)                  |                 | 1,402,919                    | (160,916)            |
|  |                 | <u>1,946,783</u>             | <u>44,786,593</u>    |
| <b>26 LOSS PER SHARE - BASIC AND DILUTED</b> |                 |                              | Restated             |
| Loss after taxation for the year             |                 | <u>(65,367,786)</u>          | <u>(234,800,952)</u> |
| Weighted average number of ordinary shares   | (No. of shares) | <u>20,000,000</u>            | <u>20,000,000</u>    |
| Loss per share - basic and diluted           |                 | <u>(3.27)</u>                | <u>(11.74)</u>       |

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## 27 REMUNERATION OF THE CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the chief executive and directors of the Company are given below:

|                      | 2019            |          | 2018            |          |
|----------------------|-----------------|----------|-----------------|----------|
|                      | Chief Executive | Director | Chief Executive | Director |
|                      | <b>Rupees</b>   |          |                 |          |
| Basic                | 498,039         | -        | -               | -        |
| Conveyance           | 166,013         | -        | -               | -        |
| Utility              | 124,510         | -        | -               | -        |
| House rent allowance | 41,503          | -        | -               | -        |
| Total                | 830,065         | -        | -               | -        |
| No of person(s)      | 1               | 3        | 1               | 3        |

27.1 The Chief Executive Officer is provided with the Company maintained car, in accordance with the Company's policy.

## 28 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

### 28.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placement or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

#### Exposure to credit risk

Credit risk of the Company arises principally from trade debts, loans and advances, trade deposits, bank balances and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits accordingly to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

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

The maximum exposure to credit risk at the reporting date is as follows:

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|                                | Note | Carrying amount      |                    |
|--------------------------------|------|----------------------|--------------------|
|                                |      | 2019                 | 2018               |
|                                |      | ----- (Rupees) ----- |                    |
| Long term deposits             | 15   | 2,115,000            | 2,115,000          |
| Trade debts - considered good  | 16   | 163,262,774          | 16,226,479         |
| Short term deposits            | 18   | 15,531,015           | 23,450,309         |
| Advances and other receivables | 19   | 68,461,685           | 88,932,029         |
| Bank balances                  | 20   | 32,688,605           | 40,200,279         |
|                                |      | <u>282,059,079</u>   | <u>170,924,096</u> |

All balances are denominated in local currency.

#### Bank Balances

The analysis below summarizes the credit quality of the Company's bank balances (including profit receivables) as at June 30, 2019 and June 30, 2018:

|               | 2019           | 2018                 |
|---------------|----------------|----------------------|
|               |                | ----- (Rupees) ----- |
| Bank balances | <u>331,421</u> | <u>16,186</u>        |

The credit quality of the Company's cash and cash equivalents, held with various commercial banks and financial institutions is assessed with reference to external credit ratings thereof, ranging from AAA to BBB assigned by reputable credit rating agencies.

## 28.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulties in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The following are the contractual maturities of financial liabilities:

|                              | 2019               |                    |                    |             |                |
|------------------------------|--------------------|--------------------|--------------------|-------------|----------------|
|                              | Carrying amount    | Contractual cash   | Six to twelve      | Two to five | More than five |
|                              |                    | flows              | Six months or less | months      | years          |
|                              |                    | -----Rupees-----   |                    |             |                |
| <b>Financial liabilities</b> |                    |                    |                    |             |                |
| Trade and other payables     | 134,895,116        | 134,895,116        | -                  | -           | -              |
| Accrued mark-up              | 2,479,257          | 2,479,257          | -                  | -           | -              |
|                              | <u>137,374,373</u> | <u>137,374,373</u> | -                  | -           | -              |
| 2018                         |                    |                    |                    |             |                |
|                              | Carrying amount    | Contractual cash   | Six to twelve      | Two to five | More than five |
|                              |                    | flows              | Six months or less | months      | years          |
|                              |                    | -----Rupees-----   |                    |             |                |
| <b>Financial Liabilities</b> |                    |                    |                    |             |                |
| Trade and other payables     | 69,619,003         | 69,619,003         | -                  | -           | -              |
| Accrued mark-up              | 13,444,166         | 13,444,166         | -                  | -           | -              |
|                              | <u>83,063,169</u>  | <u>83,063,169</u>  | -                  | -           | -              |

### 28.3 Market risk

Market risk is the risk that the value of a financial instruments may fluctuate as a result of changes in market interest rates or the market prices due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manage market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. The Company is exposed to interest rate risk and other price risk only.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was as follows:

|   | Carrying amount      |               |
|---|----------------------|---------------|
|   | 2019                 | 2018          |
|   | ----- (Rupees) ----- |               |
| <i>Fixed rate investment</i>                        |                      |               |
| - Bank balances in profit and loss sharing accounts | <u>331,421</u>       | <u>16,186</u> |

The Company does not have any fixed rate financial instrument at fair value through profit or loss.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

#### Other price risk

Other price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of change in market prices (other than arising from interest rate risk or currency risk) whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

Presently, the Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities.

#### Interest rate sensitivity analysis

A summary of the Company's interest rate gap position, categorized by the earlier of contractual re-pricing or maturity dates as at year end was as follows:

|                                | 2019                                   |                               |                                   | Total              |
|--------------------------------|--|-------------------------------|-----------------------------------|--------------------|
|                                | Effective rate of mark-up / return (%) | Exposed to interest rate risk | Not exposed to interest rate risk |                    |
|                                | -----Rupees-----                       |                               |                                   |                    |
| <i>Financial assets</i>        |  |                               |                                   |                    |
| Long term deposits             | -                                      | -                             | 2,115,000                         | 2,115,000          |
| Trade debts                    | -                                      | -                             | 163,262,774                       | 163,262,774        |
| Advances and other receivables | -                                      | -                             | 68,461,685                        | 68,461,685         |
| Short term deposits            | -                                      | -                             | 15,531,015                        | 15,531,015         |
| Bank balances                  | 10% to 15%                             | 331,421                       | 32,357,184                        | 32,688,605         |
|                                |  | <u>331,421</u>                | <u>281,727,659</u>                | <u>282,059,080</u> |



**Financial liabilities**

|   |          |                      |                    |                     |
|---|----------|----------------------|--------------------|---------------------|
| Long term loans                                     |          | -                    | -                  | -                   |
| Trade and other payables                            |          | -                    | 134,895,116        | 134,895,116         |
| Short term loans from related parties-<br>unsecured |          |                      | 68,143,873         |                     |
| short term borrowings                               | Variable | 223,377,350          | -                  | 223,377,350         |
| Accrued mark-up                                     | Variable | 2,479,257            | -                  | 2,479,257           |
|   |          | <u>225,856,607</u>   | <u>203,038,989</u> | <u>360,751,723</u>  |
| Cumulative gap                                      |          | <u>(225,525,186)</u> | <u>78,688,670</u>  | <u>(78,692,643)</u> |

2018

|                                | Effective rate of<br>mark-up / return<br>(%) | Exposed to<br>interest rate risk | Not exposed to<br>interest rate risk | Total              |
|--------------------------------|--|----------------------------------|--------------------------------------|--------------------|
| -----Rupees-----               |  |                                  |                                      |                    |
| <b>Financial assets</b>        |  |                                  |                                      |                    |
| Long term deposits             | -  | -                                | 2,115,000                            | 2,115,000          |
| Trade debts                    | -  | -                                | 16,226,479                           | 16,226,479         |
| Advances and other receivables | -  | -                                | 88,932,029                           | 88,932,029         |
| Short term deposits            | -  | -                                | 23,450,309                           | 23,450,309         |
| Bank balances                  | 5% to 10%                                    | 16,186                           | 40,184,093                           | 40,200,279         |
|                                |  | <u>16,186</u>                    | <u>170,907,911</u>                   | <u>170,924,096</u> |

**Financial liabilities**

|   |          |                      |                    |                      |
|---|----------|----------------------|--------------------|----------------------|
| Long term loans                                     |          |                      | -                  | -                    |
| Trade and other payables                            | -        | -                    | 69,619,003         | 69,619,003           |
| Short term loans from related parties-<br>unsecured |          |                      | 71,058,203         |                      |
| short term borrowings                               | Variable | 729,226,705          | -                  | 729,226,705          |
| Accrued mark-up                                     | Variable | 13,444,166           |                    | 13,444,166           |
|   |          | <u>742,670,871</u>   | <u>140,677,206</u> | <u>812,289,874</u>   |
| Cumulative gap                                      |          | <u>(742,654,685)</u> | <u>30,230,705</u>  | <u>(641,365,777)</u> |

**Operational risk**

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

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

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirement for the reconciliation and monitoring of transaction;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirement for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

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## 29 MEASUREMENT OF FAIR VALUES

A number of the company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (Unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quote prices included in Level 1 that are observables for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy a, then the fair value measurements is categorized in its entirety in the same level of the fair value heirchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

At the year end, following financial instrument is carried at fair value which requires classification in the above mentioned levels

|  | 2019             |         |         |            |
|--|------------------|---------|---------|------------|
|  | Level 1          | Level 2 | Level 3 | Total      |
|  | -----Rupees----- |         |         |            |
| <b>Financial Asset</b>                   |                  |         |         |            |
| Carried as Available for sale investment | -                | -       | -       | -          |
|  | -----Rupees----- |         |         |            |
|  | 2018             |         |         |            |
|  | Level 1          | Level 2 | Level 3 | Total      |
|  | -----Rupees----- |         |         |            |
| <b>Financial Asset</b>                   |                  |         |         |            |
| Carried as Available for sale investment | 21,526,750       | -       | -       | 21,526,750 |

The company values its intangible assets at revalued amounts, consequently, they are stated at revalued amount, being the fair value at the date of revaluation, less any subsequent amortization and subsequent impairment losses, if any.

Details of the company's intangible assets and information about their fair value hierarchy as at June 30, 2019 and June 30, 2018 are as follows

|  | 2019             |           |         |           |
|--|------------------|-----------|---------|-----------|
|  | Level 1          | Level 2   | Level 3 | Total     |
|  | -----Rupees----- |           |         |           |
| Trading Right Entitlement Certificate (TREC) | -                | 2,500,000 | -       | 2,500,000 |
| As at June 30, 2019                          | -                | 2,500,000 | -       | 2,500,000 |
|  | 2018             |           |         |           |
|  | Level 1          | Level 2   | Level 3 | Total     |
|  | -----Rupees----- |           |         |           |
| Trading Right Entitlement Certificate (TREC) | -                | 2,500,000 | -       | 2,500,000 |
| As at June 30, 2018                          | -                | 2,500,000 | -       | 2,500,000 |

There were no transfers between levels of hierarchy during the year.

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## CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders.

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

### 30 CAPITAL ADEQUACY LEVEL

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

Net Capital and Liquid Capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Capital adequacy level as required by CDC is calculated as follows:

|                          | 2019                 | 2018               |
|--------------------------|----------------------|--------------------|
|                          | ----- (Rupees) ----- |                    |
| Total assets             | 1,004,017,661        | 1,522,629,974      |
| Total liabilities        | (430,103,550)        | (883,348,077)      |
| Less revaluation surplus | -                    | -                  |
| Capital adequacy level   | <u>573,914,111</u>   | <u>639,281,897</u> |

While determining the value of the total assets of the TREC holder, notional value of the TRE certificate as at year ended as determined by Pakistan Stock Limited has been considered.

### 31 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Transactions with related parties are entered into at rates negotiated with them. Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

#### 31.1 Directors

##### Short term loan from related parties

|                            |             |                  |
|----------------------------|-------------|------------------|
| Opening balance            | 2,914,330   | 152,819,002      |
| Received during the year   | -           | -                |
| Repayments during the year | (2,914,330) | (149,904,672)    |
| Closing balance            | <u>-</u>    | <u>2,914,330</u> |

##### Long term loan from related parties

|                            |          |              |
|----------------------------|----------|--------------|
| Opening balance            | -        | 83,500,000   |
| Received during the year   | -        | -            |
| Repayments during the year | -        | (83,500,000) |
| Closing balance            | <u>-</u> | <u>-</u>     |

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### 31.2 Associated companies

#### Short term loan from related parties

|                            |                   |                   |
|----------------------------|-------------------|-------------------|
| Opening balance            | 68,143,873        | 35,858,778        |
| Received during the year   | -                 | 32,285,095        |
| Repayments during the year | -                 | -                 |
| Closing balance            | <u>68,143,873</u> | <u>68,143,873</u> |

### 32 NUMBER OF EMPLOYEES

The total number of employees and average number of employees at the year end and during the year respectively are as follows :

|   | 2019      | 2018      |
|---|-----------|-----------|
|   | Number    |           |
| Total employees of the company at year end  | <u>50</u> | <u>54</u> |
| Average number of employees during the year | <u>52</u> | <u>53</u> |

### 33 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for the purpose of comparison.

### 34 GENERAL

34.1 Certain prior year comparatives have been reclassified to conform to the current's years presentation.

34.2 These financial statements have been authorized for issue by the Board of Directors of the Company on

05-10-2019.

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Chief Executive

  
Director



|  | 2019                   |                   |                          |                   |
|--|------------------------|-------------------|--------------------------|-------------------|
|  | Furniture and fixtures | Motor vehicle     | Computer and accessories | Total             |
| <b>COST</b>                            |                        |                   |                          |                   |
| As at June 30, 2018                    | 200,000                | 4,598,000         | 100,000                  | 4,898,000         |
| Additions during the year              | -                      | 9,130,250         | -                        | 9,130,250         |
| Disposal during the year               | -                      | -                 | -                        | -                 |
|  | <u>200,000</u>         | <u>13,728,250</u> | <u>100,000</u>           | <u>14,028,250</u> |
| <b>ACCUMULATED DEPRECIATION</b>        |                        |                   |                          |                   |
| As at July 1, 2018                     | 179,867                | 148,873           | 89,934                   | 418,674           |
| For the year                           | 4,027                  | 1,650,679         | 2,013                    | 1,656,719         |
| On disposals                           | -                      | -                 | -                        | -                 |
| Impairment                             | -                      | -                 | -                        | -                 |
| As at June 30, 2019                    | <u>183,894</u>         | <u>1,799,552</u>  | <u>91,947</u>            | <u>2,075,393</u>  |
| Written down value as at June 30, 2019 | <u>16,106</u>          | <u>2,798,448</u>  | <u>8,053</u>             | <u>11,952,857</u> |
|  | 2018                   |                   |                          |                   |
|  | Furniture and fixtures | Motor vehicle     | Computer and accessories | Total             |
| <b>COST</b>                            |                        |                   |                          |                   |
| As at June 30, 2017                    | 200,000                | 1,202,500         | 100,000                  | 1,502,500         |
| Additions during the year              | -                      | 4,598,000         | -                        | 4,598,000         |
| Disposal during the year               | -                      | (1,202,500)       | -                        | (1,202,500)       |
|  | <u>200,000</u>         | <u>4,598,000</u>  | <u>100,000</u>           | <u>4,898,000</u>  |
| <b>ACCUMULATED DEPRECIATION</b>        |                        |                   |                          |                   |
| As at July 1, 2017                     | 174,834                | 808,465           | 87,417                   | 1,070,716         |
| For the year                           | 5,033                  | 148,873           | 2,517                    | 156,423           |
| On disposals                           | -                      | (808,465)         | -                        | (808,465)         |
| Impairment                             | -                      | -                 | -                        | -                 |
| As at June 30, 2018                    | <u>179,867</u>         | <u>148,873</u>    | <u>89,934</u>            | <u>418,674</u>    |
| Written down value as at June 30, 2018 | <u>20,133</u>          | <u>1,053,627</u>  | <u>10,066</u>            | <u>4,479,326</u>  |
| Depreciation rates per annum (%)       | <u>20</u>              | <u>20</u>         | <u>20</u>                |                   |

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