REANDA
Reanda Haroon Zakaria & Company
Chartered Accountants

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MOONACO SECURITIES (PRIVATE) LIMITED

Financial Statements
For the year ended June 30, 2020

Room No. M1-M4, Mezzanine Floor, Progressive Plaza, Plot No. 5-CL-10,
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Chartered Accountants

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

Opinion

We have audited the annexed financial statements of **Moonaco Securities (Private) Limited** which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' 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 skepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of profit or loss and statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat is deductible at source under the Zakat and Ushr Ordinance, 1980.

e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, section 62 of the Futures Market Act 2016 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 as at the date on which the balance sheet was prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Yameen.**

Reanda Haroon Zakaria & Co

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 07 OCT 2020

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

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non-Current Assets			
Property and equipment	4	**10,768,729**	11,971,533
Intangible assets	5	**2,500,000**	2,500,000
Long term deposits	6	**1,500,000**	1,500,000
Deferred tax asset-net	7	**-**	-
		14,768,729	15,971,533
Current Assets			
Trade debts	8	**4,627,096**	28,594,598
Short term investments	9	**15,869,235**	20,838,389
Deposits and other receivables	10	**30,790,304**	26,795,995
Cash and bank balance	11	**292,376,967**	237,742,853
		343,663,602	313,971,835
Total Assets		**358,432,331**	329,943,368
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
30,000,000 Ordinary shares of Rs.10 each		**300,000,000**	300,000,000
Issued subscribed and paid up capital	12	**226,025,600**	226,025,600
Unappropriated profit		**111,829,731**	100,076,987
Shareholders' Equity		**337,855,331**	326,102,587
Current Liabilities			
Trade and other payables	13	**20,509,988**	3,778,850
Tax payable	14	**67,012**	61,931
		20,577,000	3,840,781
Contingencies and Commitments	15		
Total Equities and Liabilities		**358,432,331**	329,943,368

The annexed notes form an integral part of these financial statements

Chief Executive

Director

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

	Note	***2020*** ***Rupees***	*2019* *Rupees*
Commission income	16	**5,049,346**	6,728,260
Loss on re-measurement of investments carried at fair value through profit or loss - net		**(4,969,154)**	(10,819,933)
Profit on sale of investments- net		**1,136,322**	(886,974)
Dividend income		**5,788,011**	2,704,010
		7,004,525	(2,274,637)
Administrative expenses	17	**(11,018,406)**	(11,586,681)
Loss from operations		**(4,013,881)**	(13,861,318)
Other income	18	**23,303,076**	12,880,334
Profit / (loss) before tax		**19,289,195**	(980,984)
Taxation	19	**(7,536,451)**	(3,559,450)
Profit / (loss) after Taxation		**11,752,744**	(4,540,434)

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

Chief Executive

Director

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

	2020	*2019*
	Rupees	*Rupees*
Profit / (loss) for the year	**11,752,744**	(4,540,434)
Other comprehensive income		
Loss on re-measurement of investment available for sale	-	-
Total comprehensive income / (loss) for the year	**11,752,744**	(4,540,434)

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

Chief Executive

Director

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

Description	*Issued, subscribed & paid up capital*	*Reserves*		*Total*
		Unappropriated (loss) / profit	*Total Reserves*	
	- - - - - - - - - - Rupees - - - - - - - - - -			
Balance as at June 30, 2018	226,025,600	104,617,421	104,617,421	330,643,021
Loss for the year	-	(4,540,434)	(4,540,434)	(4,540,434)
Balance as at June 30, 2019	226,025,600	100,076,987	100,076,987	326,102,587
Loss for the year	-	**11,752,744**	**11,752,744**	**11,752,744**
Balance as at June 30, 2020	**226,025,600**	**111,829,731**	**111,829,731**	**337,855,331**

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

Chief Executive

Director

MOONACO SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	2019 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	**19,289,195**	(980,984)
Adjustment for :		
Depreciation	**1,202,804**	1,337,795
Capital gain / (loss)	**(1,136,322)**	886,974
Loss on re-measurement of investments carried at fair value through profit or loss - net	**4,969,154**	10,819,933
Profit on bank deposit	**(22,812,888)**	(12,030,312)
Dividend income	**(5,788,011)**	(2,704,010)
	(23,565,263)	(1,689,620)
Operating loss before working capital	**(4,276,068)**	(2,670,604)
Effect of changes in working capital		
(Increase) / decrease in current assets		
Trade debts	**23,967,502**	12,225,237
Deposits and other receivables	**(4,500,000)**	15,000,000
Increase / (decrease) in current liabilities		
Trade and other payables	**16,731,138**	(7,070,577)
Cash generated from operations	**31,922,572**	17,484,056
Taxes paid - net	**(7,531,370)**	(3,291,030)
Net cash generated from operating activities	**24,391,202**	14,193,026
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment - net	**1,136,322**	(886,974)
Interest received	**23,318,579**	10,676,394
Dividend received	**5,788,011**	2,704,010
Net cash generated from investing activities	**30,242,912**	12,493,430
Net increase in cash and cash equivalent	**54,634,114**	26,686,456
Cash and cash equivalents at beginning of the year	**237,742,853**	211,056,397
Cash and cash equivalents at end of the year	**292,376,967**	237,742,853

The annexed notes form an integral part of these financial statements

Chief Executive

Director

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

1. *LEGAL STATUS AND NATURE OF BUSINESS*

Moonaco Securities (Private) Limited (the Company) was incorporated in Pakistan on August 24, 2006, as a Private Limited Company under the Companies Ordinance, 1984 (the Ordinance). The company is a TRE certificate holder of Pakistan Stock Exchange Limited and is principally engaged in the business of stock brokerage. The registered office and principal place of business is located at 410-411, 4th Floor, Stock Exchange Building, Stock Exchange Road, Karachi.

Impact of Covid-19 on financial statement

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The extent of these impacts on the Company are unclear. The Company is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers, partners, suppliers and stockholders. However, the management based on its current assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

2. *BASIS OF PREPARATION*

2.1. *Statement of Compliance*

The 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:

- International Financial reporting standards (IFRS standards), issued by international Accounting standards Board (IASB) as notified under Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from IFRS standards, the provisions of and directives issued under the companies Act, 2017 have been followed.

2.2. *Basis of Measurement*

These financial statements have been prepared under the historical cost convention, except for investments which are carried at fair value without any adjustments for the effects of inflation or current 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 the nearest rupee.

2.4. *Use of Estimates and Judgments*

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the 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 recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows: -

Property and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding affect on the depreciation charge and impairment.

Intangible assets

The Company reviews the rate of amortisation and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortisation charge and impairment.

Trade debts

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and establish provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.5. *Standards, interpretations and amendments to approved accounting standards*

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2019 other than those disclosed in, are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

2.5.1 *New standards, amendments to standards and IFRS interpretations that are effective for the year ended June 30, 2020*

The following amendments to accounting standards are effective for the period ended June 30, 2020. Except as explained otherwise, these standards and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

First time adoption of new Standards

IFRS 16 - Leases

The Company adopted IFRS 16, Leases, for its annual reporting periods beginning on July 1st, 2019.

IFRS 16 'Leases' is issued by International Accounting Standards Board (IASB) in January 2016 which supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

IFRS 16 introduces new requirements for lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting largely remains unchanged i.e. lessors continue to classify leases as either finance or operating leases.

The Company did not have any property leases arrangement therefore, adoption of IFRS 16 at 1 July 2019 did not have an effect on the financial statements of the Company.

2.5.2 *Amendments to standards and IFRS interpretations*

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from accounting period beginning on or after
Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business	January 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material	January 1, 2020
Amendment to IFRS 9, IAS 39, IFRS 7 for interest rate benchmark reform.	January 1, 2020

	Effective from accounting period beginning on or after
Amendment to IFRS 16 'LEASES' to provide practical relief for lessee in accounting for rent concession in light of effect of Covid 19	June 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements' for classification of liabilities as current or non-current	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' for Onerous contract-cos of fulfilling contract.	January 1, 2020
Amendments to IAS 16 'Property, Plant and Equipment' for proceeds before intend ed use .	January 1, 2022

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2020. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

2.5.3 Annual Improvements to IFRS

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are not likely to affect the financial statements of the Company

3 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

3.1 Property and Equipment

These are initially measured at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment loss if any.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is charged to income using the straight line method at the rates specified in the relevant note. Monthly depreciation is charged on additions during the month while no depreciation is charged on assets in the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gain or loss on disposal of an asset is charged to profit and loss account.

The Company reviews the useful lives and residual value of its assets on regular basis . Any change in the estimates in future years might affect the carrying amounts of the respective items of property, equipment with a corresponding effect on the depreciation charge.

3.2 Right of Use Assets

The Company measures the right-of-use asset applying a cost model whereby the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

3.3 Intangibles

An intangible asset is recognized as an assets if it is probable that economic benefits attributable to the assets will flow to the company and cost of the assets can be measured reliably.

Intangible assets having finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Intangible assets having an indianite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company.

An intangible asset with an indefinite useful life is not amortized. However, the carrying amount is reviewed at each reporting date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit and loss account when the asset is derecognised.

- Trading Right Entitlement Certificate (TREC)

Trading Right Entitlement Certificate (TREC) is stated at acquisition cost less provision for impairment loss, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess with its recoverable amount, and where the carrying value exceeds from estimated recoverable amount, it is written down to its estimated recoverable amount.

3.4 Financial instruments

3.4.1 Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortized cost as the case may be.

3.4.2 Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at amortized cost.
- at fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit and loss ("FVTPL"),

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets at amortized cost
Financial assets that meet the following conditions are subsequently measured at amortized cost:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI
Financial assets that meet the following conditions are subsequently measured at FVTOCI:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

Financial assets at fair value through P&L

A financial asset is measured at fair value through P&L unless it is measured at amortized or at fair value through OCI.

3.4.3 Financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortized cost.

(such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3.4.4 Subsequent measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, and subsequently carried at amortized cost, and in the case of financial assets, less any

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

3.4.5 Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized 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 Company's internal factors and economic environment of the country of customers) on ECLs. 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).

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

3.4.6 Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

3.4.7 Offsetting of financial assets and financial liabilities

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

3.5 Advances and Deposits

All short and long term advances and deposits are carried at nominal amount. Provisions are made for doubtful amounts. Irrecoverable amounts are written off to profit and loss account.

3.6 Trade debts

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Trade debts are written off when considered irrecoverable.

Trade receivables in respect of securities sold on behalf of client are recorded at settlement date of transaction

3.7 Cash and cash equivalents

These include cash in hand and bank balances and are carried at cost.

3.8 Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The company had no lease arrangement at reporting date.

3.9 Trade and other payables

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

Trade receivables in respect of securities sold on behalf of client are recorded at settlement date of transaction.

3.10 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in statement of changes in equity or in which case it is recognised in equity.

Current

Provision for current taxation is based on taxable income at the current rates for taxation after taking into account tax credit and rebates available, if any in accordance with the Provision of Income Ordinance, 2001. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed/ finalized during the year.

Deferred

Deferred tax is provided in full using the liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred tax liabilities are recognized for taxable temporary differences ,while deferred tax assets are recognized for all deductible temporary differences , carry forward of un used tax losses and unused tax credit, to the extent that is probable that taxable profits will be available against which the deductible temporary differences carry forward of unused tax losses and unused tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduce to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax relation to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss account.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.12 Revenue

Brokerage commission, consultancy and other income are recognised as and when such services are provided and performance obligation is satisfied.

Interest income is recognised on a time proportion basis using the effective interest rate of return.

Gain / (loss) on sale of securities are included in profit and loss account on settlement date basis.

3.13 Expenses

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

3.14 Impairment

Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

3.15 Related party transactions

All transactions with related parties are carried out by the Company at arms' length price using the admissible pricing method.

4. *PROPERTY, PLANT AND EQUIPMENT*

Particulars	*Office Premises*	*Furniture and Fittings*	*Computer and Accessories*	*Office Equipment*	*Total*
	----------	----------	---------- *Rupees*	----------	----------
Net Book Value as at June 30, 2018	13,190,307	68,384	6,065	44,572	13,309,328
Additions	-	-	-	-	-
Depreciation charge	(1,319,031)	(10,258)	(1,820)	(6,686)	(1,337,795)
Net Book Value as at June 30, 2019	11,871,276	58,126	4,245	37,886	11,971,533
Additions	-	-	-	-	-
Depreciation charge	**(1,187,128)**	**(8,719)**	**(1,274)**	**(5,683)**	**(1,202,804)**
Net Book Value as at June 30, 2020	**10,684,148**	**49,407**	**2,971**	**32,203**	**10,768,729**
At June 30, 2019					
Cost	19,046,000	408,648	298,452	266,350	20,019,450
Accumulated depreciation	(7,174,724)	(350,522)	(294,207)	(228,464)	(8,047,917)
Net book value	11,871,276	58,126	4,245	37,886	11,971,533
At June 30, 2020					
Cost	**19,046,000**	**408,648**	**298,452**	**266,350**	**20,019,450**
Accumulated depreciation	**(8,361,852)**	**(359,241)**	**(295,481)**	**(234,147)**	**(9,250,721)**
Net book value	**10,684,148**	**49,407**	**2,971**	**32,203**	**10,768,729**
Rate of depreciation %	**10%**	**15%**	**30%**	**15%**	

	Note	*2020* *Rupees*	*2019* *Rupees*
5. *INTANGIBLE ASSETS*			
Trading Right Entitlement Certificate (TREC)	5.1	**2,500,000**	2,500,000

5.1 This certificate is subject to Hypothecation charge in favor of Pakistan Stock Exchange Limited.

6. *LONG TERM DEPOSITS*		
National Clearing Company of Pakistan Limited	**1,400,000**	1,400,000
Central Depository Company of Pakistan Limited	**100,000**	100,000
	1,500,000	1,500,000

7 *DEFERRED TAX ASSET-NET*

Deductible / (taxable) temporary differences arising in respect of :

Accelerated depreciation		**(163,112)**	(181,248)
Assessed tax losses		**261,635**	11,174,925
Capital loss		**333,646**	195,661
Investment at FVTPL		**745,373**	1,622,990
Minimum tax impact		**129,741**	129,741
		1,307,284	12,942,069
Un recognized Deferred tax asset	7.1	**(1,307,284)**	(12,942,069)
		-	-

7.1 The deferred tax asset of Rs. 1.307 million (2019: Rs. 12.942 million) has not been recognised owing to uncertainty regarding future profitability against which deferred tax asset could be set off.

	2020	*2019*
	Rupees	*Rupees*
8. *TRADE DEBTS*		
Considered good - unsecured		
Receivables from clients	**4,609,436**	28,564,308
DFC profit withheld by NCCPL	**17,660**	30,290
	4,627,096	28,594,598

8.1 Clients securities pledged

The total value of securities pertaining to clients are Rs. 62.69 million (2019: Rs. 153.536) million held in sub-accounts of the company. No securities are pledged.

9. SHORT TERM INVESTMENTS

- At fair value through profit and loss

2020	*2019*			*2020*	*2019*
Number of Shares			***Note***	***Rupees***	*Rupees*
1,602,953	1,602,953	Pakistan Stock Exchange Limited	9.1	**15,869,235**	20,838,389

9.1 Fair value of shares pledged with Pakistan Stock Exchange Limited amount to Rs. 15.869 million (2019: Rs. 20.838) million.

	Note	*2020* ***Rupees***	*2019* *Rupees*
10. *DEPOSITS AND OTHER RECEIVABLES*			
Deposits			
National Clearing Company Pakistan limited		**22,500,000**	22,500,000
Pakistan Stock Exchange Limited		**7,000,000**	2,500,000
Other Receivables			
Other receivables		**28,947**	215,453
Accrued markup on bank deposit		**1,261,357**	1,580,542
		30,790,304	26,795,995

11. CASH AND BANK BALANCE

Cash in hand		**109,492**	36,165
Cash at bank - current account		**21,040,559**	4,051,431
Cash at bank - saving account		**271,226,916**	233,655,257
	11.1	**292,267,475**	237,706,688
		292,376,967	237,742,853

	2020 Rupees	2019 Rupees
11.1 Balance pertaining to :		
- clients	**20,300,266**	3,113,714
- brokerage house	**271,967,209**	234,592,974
	292,267,475	237,706,688

12. ISSUED SUBSCRIBED AND PAID UP CAPITAL

2020	2019			
Number of shares				
11,602,560	11,602,560	Ordinary shares of Rs. 10 each issued for cash	**116,025,600**	116,025,600
11,000,000	11,000,000	Ordinary shares of Rs. 10 each issued for other than cash	**110,000,000**	110,000,000
22,602,560	22,602,560		**226,025,600**	226,025,600

13. TRADE AND OTHER PAYABLES

Trade creditors	**20,200,266**	3,339,781
Accrued and other liabilities	**309,722**	439,069
	20,509,988	3,778,850

14 TAX PAYABLE

Opening refund/(liability)	**(61,931)**	206,489
Provision for the year	**(7,536,451)**	(3,636,589)
Prior year tax	**-**	77,139
Tax paid during the year	**8,335,858**	3,606,245
Refund received/adjusted during the period	**(834,832)**	(315,215)
Admitted income tax for previous year	**30,345**	-
	(67,012)	(61,931)

15. CONTINGENCIES AND COMMITMENTS

15.1 Commitments

Commitment against unrecorded transactions executed before the year end having settlement date subsequent to year end are as follows:

	2020 Rupees	2019 Rupees
For purchase of shares	**9,087,060**	16,768,236
For sale of shares	**6,622,849**	3,298,891

	Note	2020 Rupees	2019 Rupees

16. COMMISSION INCOME

Brokerage commission	**5,049,346**	6,704,259
IPO commission	-	24,001
	5,049,346	6,728,260

17. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits		**5,512,500**	5,249,250
Commission expense		**773,766**	1,602,009
PSX clearing house charges		**166,501**	239,043
NCCPL charges		**392,643**	454,934
CDC charges		**243,559**	340,748
SECP charges		**54,400**	52,000
Electricity charges		**187,226**	186,922
Telephone and internet		**160,538**	177,661
Repairs and maintenance		**47,270**	50,350
Printing and stationery		**44,615**	51,297
Entertainment		**509,743**	498,085
Traveling and conveyance		**487,775**	371,110
Legal and professional charges		**228,814**	152,086
Audit remuneration	17.1	**170,100**	172,280
Fees and subscription charges		**416,056**	351,256
Software maintenance charges		**324,000**	202,000
Depreciation	4	**1,202,804**	1,337,795
Miscellaneous		**96,096**	97,854
		11,018,406	11,586,681

17.1 Auditors' remuneration

Statutory audit fees	**100,000**	88,000
Other services including certification - inclusive of sales tax	**70,100**	84,280
	170,100	172,280

18. OTHER INCOME

Return on bank deposits	**22,346,631**	11,425,685
Profit on clearing house deposit / PSX retention amount	**466,257**	604,627
Other income	**490,188**	850,022
	23,303,076	12,880,334

19. TAXATION

Current	19.1	**7,536,451**	3,636,589
Prior		-	(77,139)
		7,536,451	3,559,450

20. *RELATED PARTY TRANSACTIONS*

The related parties comprise associated undertakings, directors of the Company and key management employees. The Company continues to have a policy whereby all transactions with related parties undertakings are entered into at commercial terms and conditions. Year end balances with related parties, if any, are shown in the relevant notes to the financial statements.

	2020 ***Rupees***	*2019* *Rupees*
Remuneration of Chief Executive	**1,800,000**	1,800,000

21. *PATTERN OF SHAREHOLDING*

Sr. No.	*Name of Shareholder*	*No. of Shares Held*	*Percentage %*
1	Mohammad Ameen Moon	**11,301,230**	49.9998%
2	Mohammad Saleem Moon	**11,301,230**	49.9998%
3	Mahboob Husain Moon	**100**	0.0004%
		22,602,560	100.00%

22. *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES*

Followings are the financial assets and liabilities at year end :

	2020 ***Rupees***	*2019* *Rupees*
FINANCIAL ASSETS AND LIABILITIES		
Financial assets		
Trade debts	**4,627,096**	28,594,598
Short term investments	**15,869,235**	20,838,389
Deposits and other receivables	**30,790,304**	26,795,995
Cash and bank balances	**292,376,967**	237,742,853
	343,663,602	313,971,835
Financial Liabilities		
Trade and other payables	**20,509,988**	3,778,850

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

Risk managed and measured by the Company are explained below: -

a) Credit risk
b) Liquidity risk
c) Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

22.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, Company applies credit limits and deal with credit worthy parties. It makes full provision against those balances considered doubtful and by dealing with variety of major banks and financial institutions.

The carrying amounts of financial assets represent the maximum credit exposure, as specified below: -

	Note	***2020*** ***Rupees***	*2019* *Rupees*
Trade debts	8	**4,627,096**	28,594,598
Deposits and other receivables	10	**30,790,304**	26,795,995
Cash and bank balance	11	**292,376,967**	237,742,853
		327,794,367	293,133,446

The maximum exposure to credit risk for trade debtors and other receivables at the reporting date are as follows:

	2020		*2019*	
	Gross ***Rupees***	***Impairment*** ***Rupees***	*Gross* *Rupees*	*Impairment* *Rupees*
Past due 15-30 days	**2,639,687**	-	14,733,779	-

22.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities, including estimated interest payments:-

	2020			
	Carrying Amount	***Contractual cash flows***	***Upto one year***	*More than one year*
	Rupees			
Financial liabilities				
Trade and other payables	**20,509,988**	**20,509,988**	**20,509,988**	-

	2019			
	Carrying Amount	*Contractual cash flows*	*Upto one year*	*More than one year*
	- - - - - - - - - - - - - - *Rupees* - - - - - - - - - - - - - -			
Financial liabilities				
Trade and other payables	3,778,850	3,778,850	3,778,850	-

22.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest / mark up rate risk and price risk. The market risks associated with the Company's business activities are discussed as under:-

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Currently the Company is not exposed to any currency risk because the company is not dealing in any foreign currency transactions.

22.4 Interest / mark up rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

There are not any interest bearing investments present therefore, the interest or markup risk present.

Sensitivity analysis

The Company does not account for any fixed rate financial asset and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument and company does not have any variable rate instrument which effect profit and loss account and equity.

The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Profit and loss 100 bp	
	increase	***decrease***
As at June 30, 2020		
Cash flow sensitivity-Variable rate financial instruments	**2,712,269**	**(2,712,269)**

	Profit and loss 100 bp	
	increase	*decrease*
As at June 30, 2019		
Cash flow sensitivity-Variable rate financial instruments	2,336,553	(2,336,553)

22.5 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable which if not, impairment loss has been recognised and other opportunities may be considered. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the balance sheet date except for, unquoted associates which are carried at fair value determined through latest sales price. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes Company's equity price risk as of June 30, 2020 and 2019 and shows the effects of hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worst because of the nature of the equity market and aforementioned concentrations existing in company's equity investment portfolio.

	Fair Value	***Hypothetical price change***	***Estimated fair value after hypothetical change in prices***	***Hypothetical increase (decrease) in Shareholders' Equity***
	Rupees		***Rupees***	***Rupees***
June 30, 2020	**15,869,235**	**10% increase**	**17,456,159**	**1,586,924**
		10% decrease	**14,282,312**	**(1,586,923)**
June 30, 2019	20,838,389	10% increase	22,922,228	2,083,839
		10% decrease	18,754,550	(2,083,839)

22.6 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in arm's length transaction.

22.7 Fair value hierarchy

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

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

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

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

	Level 1	*Level 2*	*Level 3*
June 30, 2020			
Investments at fair value through profit and loss account	**15,869,235**		-
June 30, 2019			
Investments at fair value through profit and loss account	20,838,389		-

23. OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan. There were no change in the reportable segments during the year.

The Company is domiciled in Pakistan. The Company's revenue is generated from shares brokerage and portfolio management.

All non-current assets of the Company at June 30, 2020 are located in Pakistan.

24. CAPITAL RISK MANAGEMENT

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.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('loan from associate', 'lease liability' and 'short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity.

	Note	2020 Rupees	2019 Rupees
Total borrowings		-	-
Total equity		**337,855,331**	326,102,587
Total capital		**337,855,331**	326,102,587
Gearing ratio		**0.00%**	0.00%

25 CALCULATION OF NET CAPITAL BALANCE

CURRENT ASSETS

Cash in hand	**109,492**	36,165
Cash at bank		
Balance pertaining to brokerage house	**271,967,209**	234,592,974
Balance pertaining to clients	**20,300,266**	3,113,714
	292,267,475	237,706,688
Margin deposited with NCCPL	**22,500,000**	22,500,000
Trade Receivables		
Book value	**4,609,436**	28,564,308
Less: Overdue for more than 14 days	**(2,639,687)**	(14,733,779)
	1,969,749	13,830,529
Investment in listed securities		
Securities on the exposure list marked to market	-	-
Less: 15% discount	-	-
	-	-
Securities purchased for client where payment has not been received in 14 days	**1,971,143**	14,652,356
Total Current Assets	**318,817,858**	288,725,738

CURRENT LIABILITIES

Trade Payables			
Book value		**20,200,266**	3,339,781
Less: Overdue for more than 30 days		**(13,437,717)**	(2,091,415)
		6,762,549	1,248,366
Other liabilities	25.1	**13,814,451**	2,592,415
Total Current Liabilities		**20,577,000**	3,840,781
NET CAPITAL BALANCE		**298,240,858**	284,884,957

25.1 Other liabilities includes

Accrued liabilities	**309,722**	439,069
Tax payable	**67,012**	61,931
Trade payables which are over due for more than 30 days	**13,437,717**	2,091,415
	13,814,451	2,592,415

26 *LIQUID CAPITAL*

S. No.	*Head of Account*	*Value in Pak Rupees*	*Hair Cut / Adjustments*	*Net Adjusted Value*
1. Assets				
1.1	Property & Equipment	10,768,729	100%	-
1.2	Intangible Assets	2,500,000	100%	-
1.3	Investment in Govt. Securities			
1.4	**Investment in Debt. Securities**			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.		5%	
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.		7.5%	
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.		10%	
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.5%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15%	-
1.5	**Investment in Equity Securities**			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of carrying value.	-	100%	-
	iii.Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.			
	iv.100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	15,869,235	100%	-
1.6	Investment in subsidiaries	-	100%	-
1.7	**Investment in associated companies/undertaking**			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.7	ii. If unlisted, 100% of net value.	-	100%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	8,500,000	100%	-
1.9	Margin deposits with exchange and clearing house.	22,500,000	-	22,500,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments	-	100%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	1,290,304	-	1,290,304
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties.		100%	
1.13	Dividends receivables.			
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (***Securities purchased under repo arrangement shall not be included in the investments.)***			
	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months			
1.15	ii. Receivables other than trade receivables	-	100%	-
1.16	**Receivables from clearing house or securities exchange(s)**			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.			
	Claims on account of entitlements against trading of securities in all markets including MtM gains.	17,660	-	17,660
1.17	**Receivables from customers**			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. ***i. Lower of net balance sheet value or value determined through adjustments.***	-		-
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. ***ii. Net amount after deducting haircut***	-		-
	iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, ***iii. Net amount after deducting haircut***	-		-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. ***iv. Balance sheet value***	938,580		938,580

S. No.	*Head of Account*	*Value in Pak Rupees*	*Hair Cut / Adjustments*	*Net Adjusted Value*
1.17	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. ***v. Lower of net balance sheet value or value determined through adjustments***	3,670,855	2,648,377	2,648,377
	vi. 100% haircut in the case of amount receivable form related parties.	-	100%	-
1.18	**Cash and Bank balances**			
	i. Bank Balance-proprietory accounts	271,967,209	-	271,967,209
	ii. Bank balance-customer accounts	20,300,266	-	20,300,266
	iii. Cash in hand	109,492	-	109,492
1.19	**Total Assets**	**358,432,330**		**319,771,888**

2. Liabilities

2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products			
	iii. Payable to customers	20,200,266	-	20,200,266
2.2	**Current Liabilities**			
	i. Statutory and regulatory dues			
	ii. Accruals and other payables	309,722	-	309,722
	iii. Short-term borrowings			
	iv. Current portion of subordinated loans			
	v. Current portion of long term liabilities			
	vi. Deferred Liabilities			
	vii. Provision for bad debts			
	viii. Provision for taxation	67,012	-	67,012
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	**Non-Current Liabilities**			
	i. Long-Term financing			
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease			
	b. Other long-term financing			
	ii. Staff retirement benefits			
	Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained			

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2.3	**iii. Advance against shares for Increase in** d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.			
	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	**Subordinated Loans**			
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.	-	-	-
	ii. Subordinated loans which do not fulfill the conditions specified by SECP			
2.5	**Total Liabilities**	**20,577,000**		**20,577,000**

3. Ranking Liabilities Relating to :

3.1	**Concentration in Margin Financing**			
	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-		
3.2	**Concentration in securities lending and borrowing**			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (Ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-		
3.3	**Net underwriting Commitments**			
	(a) in the case of right issues : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and			

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.3	(ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting.			
	(b) in any other case : 12.5% of the net underwriting commitments			
3.4	**Negative equity of subsidiary**			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary.			
3.5	**Foreign exchange agreements and foreign currency positions**			
	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency.			
3.6	Amount Payable under REPO			
3.7	**Repo adjustment**			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. **In the case of financee/seller** the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
3.8	**Concentrated proprietary positions**			
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security.			
3.9	**Opening Positions in futures and options**			
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts.	218,800	-	218,800
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met.			
3.10	**Short sell positions**			
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts.			

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.10	ii. Incase of proprietory positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.			
3.11	**Total Ranking Liabilities**	**218,800**		**218,800**
		337,636,530	**Liquid Capital**	**298,976,088**

Calculations Summary of Liquid Capital

(i)	Adjusted value of Assets (serial number 1.19)	319,771,888
(ii)	Less: Adjusted value of liabilities (serial number 2.5)	(20,577,000)
(iii)	Less: Total ranking liabilities (series number 3.11)	(218,800)
		298,976,087

27 *CAPITAL ADEQUACY LEVEL*

The capital adequacy level of the company is as follows:

	Note	2020 Rupees	2019 Rupees
Total assets	27.1	**358,432,331**	329,943,368
Less: Total liabilities		**(20,577,000)**	(3,840,781)
Less: Revaluation reserves (created upon revaluation of fixed assets)		-	-
Capital adequacy level		**337,855,331**	326,102,587

27.1 While determining the value of total assets of TREC holder, notional value of TRE certificate held by Moonaco Securities (Private) Limited as at year ended June 30, 2020 as determined by the Pakistan Stock Exchange Limited - PSX has been considered.

28 *NUMBER OF EMPLOYEES*

	2020	2019
Number of employees	9	9
Average number of employees	9	9

29 *DATE OF AUTHORIZATION FOR ISSUE*

These financial statements have been authorized for issue on 07 OCT 2020 by the Board of Directors of the Company

30 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director