PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS

Three Month (Un-Audited)

For the Three Month Ended July 01, 2020 to September 30, 2020

PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

	Note	(Un-Audited) September 30, 2020 Rupees	(Audited) June 30, 2020 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	4	**1,164,669**	1,224,233
Cards and rooms	5	**7,140,225**	7,140,225
Long term security deposits	6	**2,178,409**	2,178,409
Long term Investment	7	**19,605,539**	19,605,539
		30,088,842	30,148,406
CURRENT ASSETS			
Trade debts	8	**13,773,389**	8,983,643
Advances, deposits & prepayments	9	**10,299,575**	9,065,346
Income tax refund due from Government		**2,241,948**	2,208,656
Cash and bank balances	10	**42,238,999**	44,342,701
		68,553,911	64,600,346
TOTAL ASSETS		**98,642,754**	94,748,752
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	11	**76,500,000**	**76,500,000**
Fair value reserve		**4,713,645**	4,713,645
Accumulated losses		**(9,997,794)**	(11,609,102)
		71,215,851	69,604,543
CURRENT LIABILITIES			
Trade and other payables	12	**26,982,111**	24,762,558
Provision for taxation		**444,792**	381,651
		27,426,903	25,144,209
TOTAL EQUITY AND LIABILITIES		**98,642,754**	94,748,752
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statement.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Note	03 Month Ended Sept 30, 2020	03 Month Ended Sept 30, 2019
		Rupees	Rupees
Operating revenues	14	**5,051,308**	1,340,848
Administrative & operative expenses	15	**(4,021,193)**	(2,874,681)
Operating Profit/(Loss)		**1,030,115**	(1,533,833)
Finance charges	16	**(3,585)**	(3,458)
		1,026,530	(1,537,291)
Other Income	17	**647,920**	907,264
Profit/(Loss) before taxation		**1,674,450**	(630,027)
Taxation	18	**(63,141)**	(16,761)
Profit/(Loss) after taxation		**1,611,309**	(646,787)

OTHER COMPREHENSIVE INCOME

Other comprehensive income that will not be reclassfised to profit or loss

Revaluation surplus	-	-
Gain on equity instrument designated at fair value through other comprehensive income	-	-
	-	-
Total comprehensive income / (loss) for the period	**1,611,309**	(646,787)

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statement.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Issued, subscribed and paid-up capital	Fair Value Reserve	Revaluation of Non- Current Asset	Accumulated Profit/loss	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2018	76,500,000	3,425,810	300,500	(11,520,265)	68,706,045
Reversal Revaluation of Assets			(300,500)		(300,500)
Profit of the Year				795,940	795,940
Other comprehansive Income	-	837,362	-	-	837,362
Total Comprehensive Income	-	837,362	-	795,940	1,633,302
Balance as at June 30, 2019	76,500,000	4,263,172	-	(10,724,325)	70,038,847
Loss for The Year				(884,778)	(884,778)
Other comprehansive Income	-	450,473	-	-	450,473
Total Comprehensive Income	-	450,473	-	(884,778)	(434,305)
Balance as at June 30, 2020	76,500,000	4,713,645	-	(11,609,102)	69,604,542
Balance as at July 01, 2020	76,500,000	4,713,645	-	(11,609,102)	69,604,543
Profit for the period	-	-	-	1,611,309	1,611,309
	-	-	-	1,611,309	1,611,309
Balance as at September 30, 2020	76,500,000	4,713,645	-	(9,997,794)	71,215,851

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statement.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Note	03 Month Ended Sept 30, 2020	03 Month Ended Sept 30, 2019
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		1,674,450	(630,027)
Adjustments for non-cash charges and other items:			
Depreciation		59,564	72,793
Accrued markup		(278,740)	(265,030)
Financial charges		3,585	3,458
Operating profit /(loss) before working capital changes		1,458,859	(818,806)
Effect on cash flow due to Working capital changes			
(Increase)/decrease in current assets			
Advance, deposit, prepayments,& other receivables		(955,489)	2,444,208
Trade debts		(4,789,746)	4,663,145
Increase in current liabilities			
Trade and other payables		2,219,553	(3,720,493)
Cash flows from operations		(2,066,823)	2,568,054
Income tax paid		(33,292)	(86,750)
Financial charges paid		(3,585)	(3,458)
Net cash generated from/(used in) operating activities		(2,103,700)	2,477,846
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets		-	-
Long term Investment		-	-
Security deposit		-	-
Net cash used in investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money received		-	-
Net cash generated from financing activities		-	-
Net increase in cash and cash equivalents		(2,103,702)	2,477,846
Cash and cash equivalents at the beginning of the period		44,342,701	34,695,271
Cash and cash equivalents at the end of the period	10	42,238,999	37,173,117

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statement.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

1 GENERAL INFORMATION

1.1 The Punjab Capital Securities (Private) Limited ("the Company") is registered under the repealed Companies Ordinance, 1984 (which is replaced by Companies Act 2017) as a company limited by shares on the 29th day of November 2016. The Company is mainly engaged in business of brokerage services, portfolio management and consultancy services. The registered office of the Company is situated at Room No 319, 3" Floor, Lahore stock

The Company is wholly-owned subsidiary of First Punjab Modaraba ("the Parent") by virtue of 100% holding of the Company which in turn is the subsidiary of PMSL, ultimate parent of the Company is The Bank of Punjab.

1.2 In light of ongoing COVID-19 pandemic, the Company has reviewed its exposure to business risks and has not identified any risks that could materially impact the financial performance or position of the Company as at June 30, 2020. Consequently, there is no material impact on the recognition and measurement of assets and liabilities.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under Companies Act, 2017;

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

Wherever, the requirements of the Companies Act, 2017 or directives issued by the SECP differ with the requirements of these IFRS, the Regulation and the requirements of the Companies Act, 2017 or the requirements of the said directives take precedence.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at their fair value through other comprehensive income or amortized cost as applicable.

2.3 Accounting estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience and other factors involving a higher degree of expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements

- Useful lives, residual values and depreciation method of property and equipment — Note 3.1
- Impairment loss of non-financial assets - Note 3.8
- Estimation of provisions - Note 3.4
- Current income tax expense, provision for current tax

2.4 Functional and presentation currency

These financial statements are presented in Pakistan rupees, which is the functional and presentation currency for the Company. The figures have been rounded-off to nearest rupees, unless otherwise stated.

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation		**Effective dates (Annual periods beginning on or after)**
IFRS 9, IAS 39 & IFRS 7	Interest rate Benchmark Reform - (Amendments)	01 Jan 2020
IAS 1	Presentation of Financial Statements (Amendments)	01 Jan 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	01 Jan 2020
IFRS 10 & 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	01 Jan 2020
IAS 1 & 8	Definition of Material (Amendments)	01 Jan 2020
IFRS 3	Definition of a business (Amendments)	01 Jan 2020

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2020.

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

Standard or Interpretation		**Effective Dates (Annual periods beginning on or after)**
IFRS 1	First Time Adoption of IFRS	01 Jul 2009
IFRS 17	Insurance Contracts	01 Jan 2021

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

2.6 New accounting standards, interpretations, and amendments applicable to the Financial Statements for the year ended 30 June 2020

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective for annual period beginning on 1 July 2019, as listed below. The Company has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 9	Prepayment Features with Negative Compensation — (Amendments)	1 January 2019

IAS 28 -	Long-term Interests in Associates and Joint Ventures — (Amendments)	1 January 2019
IAS 19 -	Plan Amendment, Curtailment or Settlement — (Amendments)	1 January 2019
IFRS 3	Business Combinations - Previously held Interests in a joint operation — (Amendments)	1 January 2019
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation	1 January 2019
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity	1 January 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalization	1 January 2019

The adoption of above standards, interpretations and amendments applied for the first time in the year did not have impact on financial statements of the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is charged to the profit and loss account by applying the reducing balance method at the rates specified in note 5. Depreciation on additions is charged from the day in which the asset is put to use and on disposals, up to the day the asset has been in use.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. The effect of any adjustment to residual values, useful lives and methods is recognized prospectively as a change of accounting estimate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is derecognized.

Maintenance and normal repairs are charged to profit and loss account as and when incurred, Subsequent cost are included in the assets' carrying amount or recognizes as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will follow to the entity and its cost can be reliably measured. The carrying amount of the asset replaced is de-recognized.

3.2 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balance with banks on current and deposit accounts.

3.3 Revenue from contract with customers

a) **Brokerage income** is recognized on satisfaction of performance obligation over time i.e on trade date basis.

b) **Dividend income** on equity investments is recognized, when the right to receive the same is established.

a) **Interest income** on margin financing is recognized on outstanding balance using effective interest rate.

3.4 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) 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 the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement.

3.5 Financial Instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.5.1 Financial assets

Financial assets - initial recognition

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include long-term deposits, trade debts, loans and advances, other receivables and bank balances.

Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at fair value through profit or loss
b) Financial assets at amortized cost (debt instruments)
c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

Financial assets at amortized cost (debt

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

a) The financial asset is held within a business model with the objective 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 amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized costs includes long term deposits, trade debts, advance to employees against salary and other receivables excluding sales tax refund bonds.

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any financial assets designated at fair value through OCI (equity instruments).

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

a) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

a) The rights to receive cash flows from the asset have expired; or

b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained ubstantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial assets - Impairment

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.
ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the statement of profit or loss.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.
Upon adoption of IFRS 9, the Company has no material impact on amounts in the statement of financial position as the current methodology adequately reflects requirements of the new

3.5.2 Financial liabilities

Financial liabilities - initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include long term loans, short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category applies to long term loans, short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

Provisions

A provision is recognized in the statement of financial position 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.

3.6 **Taxation**

3.6.1 **Current**

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income.

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

3.6.2 **Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all 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 the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized 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 calculated at the rates are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

3.7 **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category consistent with the function of the intangible asset. No amortization is charged on intangible assets with indefinite useful life.

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 the statement of comprehensive income when the asset is derecognized.

3.8 **Impairment**

The management of the Company reviews carrying amounts of its non financial assets including cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

3.9 **Related party transactions**

The Company enters into transactions with related parties on an arm's length basis except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4. Property and equipment

4.1 Reconciliation of the carrying amounts at the end of the period is as follows. (Un-Audited)

Particulars	Cost			Rate	Accumulated Depreciation			Written down value as at September 30, 2020
	As at July 01, 2020	Additions during the period	As at September 30, 2020		As at July 01, 2020	Charge for the period	As at September 30, 2020	
	Rupees			%	Rupees			
Furniture and fixtures	748,985	-	**748,985**	15	311,185	16,248	327,433	**421,552**
Computers	1,212,980	-	**1,212,980**	30	848,820	27,307	876,127	**336,854**
Office equipments	739,852	-	**739,852**	15	317,579	16,009	333,588	**406,264**
	2,701,817	**-**	**2,701,817**		**1,477,584**	**59,564**	**1,537,148**	**1,164,669**

4.2 Reconciliation of the carrying amounts at the beginning of the period is as follows. (Audited)

Particulars	Cost			Rate	Accumulated Depreciation			Written down value as at June 30, 2020
	As at July 01, 2019	Additions during the period	As at June 30, 2020		As at July 01, 2019	Charge for the period	As at June 30, 2020	
	Rupees			%	Rupees			
Furniture and fixtures	748,985	-	748,985	15	234,721	76,464	311,185	437,800
Computers	1,175,180	37,800	1,212,980	30	699,529	149,291	848,820	364,161
Office equipments	720,852	19,000	739,852	15	245,317	72,262	317,579	422,273
	2,645,017	56,800	2,701,817		1,179,567	298,017	1,477,584	1,224,233

		Note	(Un-Audited) September 30,2020 Rupees	(Audited) June 30,2020 Rupees
5.	**Cards and rooms**			
	LSE room		**4,640,225**	4,640,225
	Trading Right Entitlement Certificate(TREC)		**2,500,000**	2,500,000
			7,140,225	7,140,225
6.	**Long term security deposits**			
	National Clearing Company of Pakistan Limited		**200,000**	200,000
	Central Depository Company		**100,000**	100,000
	Deposit against base minimum capital		**576,909**	576,909
	Basic deposit for regular		**200,000**	200,000
	Basic deposit for future		**1,000,000**	1,000,000
	Deposit against MFS		**100,000**	100,000
	Others		**1,500**	1,500
			2,178,409	2,178,409
7.	**Long term Investment**			
	Available for Sale			
	843,975 (June-2020: 843,975) shares of LSE Financial Services Limited		**19,605,539**	19,605,539
8.	**Trade debts**			
	- Considered good		**13,773,389**	8,983,643
9.	**Advances, deposits & prepayments**			
	Advances to suppliers		**119,585**	119,585
	Prepayment		**1,250**	1,250
	Security deposit		**9,900,000**	8,900,000
	Accrued markup		**278,740**	44,511
			10,299,575	9,065,346

		(Un-Audited) September 30,2020 Rupees	(Audited) June 30,2020 Rupees
10.	**Cash and bank balances**		
	Cash at hand	**1,405**	-
	Cash at bank		
	Saving account	**5,779,084**	21,254,082
	Current account	**36,458,510**	23,088,619
		42,238,999	44,342,701
11.	**Share Capital**		
	Authorized		
	20,000,000 (June-2020: 20,000,000) ordinary shares of Rs.10 each	**200,000,000**	200,000,000
11.1.	**Issued, subscribed and Paid up**		
	7,650,000 (June-2020: 7,650,000) ordinary shares of Rs.10 each fully paid-up in cash	**76,500,000**	76,500,000
12.	**Trade and other payables**		
	Trade payables	**21,687,642**	22,314,774
	Others payable	**5,294,469**	2,447,784
		26,982,111	24,762,558
12.1.0			
	Accrued liabilities	**2,461**	-
	Provident fund payable	**1,461,036**	1,310,304
	Other Payables	**3,570,972**	877,480
	Audit fee payable	**260,000**	260,000
		5,294,469	2,447,784

13. Contingencies and commitments

There are no material contingencies and commitments at the balance sheet date.

	Note	03 Month Ended Sept 30, 2020 Rupees	03 Month Ended Sept 30, 2019 Rupees
14. Operating revenues			
Commission income		**5,051,308**	1,340,848
		5,051,308	1,340,848
15. Administrative & operative expenses			
Salaries, allowances and other benefits		**3,038,150**	2,232,915
Rent, rates and taxes		**12,730**	1,940
Repairs and Maintenance		**61,151**	41,180
Utilities		**148,946**	135,993
Fees & subscription		**82,993**	87,213
PSX, Clearing house and CDC charges, etc.		**273,442**	145,932
Insurance charges		**2,689**	3,998
Travelling and conveyance		**3,260**	3,000
Depreciation		**59,564**	72,791
Communication, printing and stationery		**38,796**	28,675
Legal and professional charges		**254,500**	55,000
Commission paid to Trader		**-**	27,096
Entertainment		**31,272**	38,648
Misc Expenses		**13,700**	300
		4,021,193	2,874,681
16. Finance Cost			
Bank charges		**3,090**	3,019
FED charges		**495**	438
		3,585	3,458
17. Other income			
Income from financial assets			
Profit on Bank deposit		**172,569**	606,660
Margin finance income		**167,843**	96,626
Return on exposure deposit with PSX		**178,224**	203,978
commission receivable on MF		**42,755**	-
income receivable on MF		**86,529**	-
		647,920	907,264

	Note	03 Month Ended Sept 30, 2020	03 Month Ended Sept 30, 2019
		Rupees	Rupees
18. Taxation			
Current period		**63,141**	16,761
		63,141	16,761

18.2 Relationship between federal tax expense and accounting profit

In view of available income tax losses, provision for current taxation for the period ended september 30, 2018 is based on "Minimum Tax" u/s 113 of Income Tax Ordinance, 2001, there was no relationship between aggregate tax expense and accounting profit. Owing to accounting and tax losses and charging minimum tax, the reconciliation of average effective tax rate with applicable tax rate is not given.

19. Remuneration of Chief executive, Director and Executives

The aggregate amount charged in the financial statements for the period for remuneration, including all benefits, to the Chief Executive, Director and Executives of the Company are as follows:

	Chief Executive		**Executives**	
	03 Month Ended Sept 30, 2020	03 Month Ended Sept 30, 2019	**03 Month Ended Sept 30, 2020**	03 Month Ended Sept 30, 2019
	Rupees	Rupees	**Rupees**	Rupees
Managerial remuneration	**660,000**	600,000	**971,250**	746,250
Other benefits	**242,415**	235,273	**15,000**	15,000
Provident fund	**34,362**	31,239	**38,850**	38,850
	936,777	866,512	**1,025,100**	800,100
No. of persons	**1**	1	**5**	4

19.2 No remuneration is paid to any Director other than Chief Executive.

20. Related party transaction

The related parties comprise parent, associates, directors and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under respective notes of these financials statement. Other significant transactions with related parties are as follows:

Relationship with the Con	Nature of transactions	03 Month Ended Sept 30, 2020	03 Month Ended Sept 30, 2019
		Rupees	Rupees
Other Related Parties	Commission Income	**804,284**	-
Key Management	Commission Income	**378,919**	-
Provident fund	Employer contribution	**73,212**	70,089
	Employee contribution	**73,212**	70,089

21. Financial instruments and related disclosures

21.2 Maturities of financial assets and liabilities

As At September 30, 2020 (Un-Audited)

	Mark-up bearing maturity				Non-mark-up bearing maturity				
	Upto one year	Over one year upto five years	Over five years	Sub-total	Upto one year	Over one year upto five years	Over five years	Sub-total	Total
	Rupees								
Financial assets									
Long term security deposits	-	-	-	-	-	-	2,178,409	2,178,409	**2,178,409**
Trade Debts					13,773,389			13,773,389	**13,773,389**
Advances, deposits & prepay	9,900,000	-	-	9,900,000	399,575	-	-	399,575	**10,299,575**
Long term Investment	-	-	-	-		-	19,605,539	19,605,539	**19,605,539**
Cash and bank balances	5,779,084	-	-	5,779,084	36,458,510	-	-	36,458,510	**42,237,594**
	15,679,084	-	-	**15,679,084**	**50,631,474**	-	**21,783,948**	**72,415,422**	**88,094,506**
Financial liabilities									
On balance sheet									
Trade and other payables	-	-	-	-	26,982,111	-	-	26,982,111	**26,982,111**
	-	-	-	-	**26,982,111**	-	-	**26,982,111**	**26,982,111**
Off balance sheet	-	-	-	-	-	-	-	-	-
	-	-	-	-	**26,982,111**	-	-	**26,982,111**	**26,982,111**

As At June 30, 2020 (Audited)

	Mark-up bearing maturity				Non-mark-up bearing maturity				
	Upto one year	Over one year upto five years	Over five years	Sub-total	Upto one year	Over one year upto five years	Over five years	Sub-total	Total
	Rupees								
Financial assets									
Long term security deposits	-	-	-	-	-	-	2,178,409	2,178,409	**2,178,409**
Trade debts					8,983,643			8,983,643	**8,983,643**
Advances, deposits & prepay	8,900,000	-	-	8,900,000	-	165,346	-	165,346	**9,065,346**
Long term Investment							19,605,539	19,605,539	**19,605,539**
Cash and bank balances	21,254,082	-	-	21,254,082	23,088,619	-	-	23,088,619	**44,342,701**
	30,154,082	-	-	**30,154,082**	**32,072,262**	**165,346**	**21,783,948**	**54,021,556**	**84,175,638**
Financial liabilities									
On balance sheet									
Trade and other payables					24,762,558			24,762,558	**24,762,558**
	-	-	-	-	**24,762,558**	-	-	**24,762,558**	**24,762,558**
Off balance sheet	-	-	-	-	-	-	-	-	-
	-	-	-	-	**24,762,558**	-	-	**24,762,558**	**24,762,558**

21.3 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. The Company is not exposed to any short term borrowing arrangements having variable rate pricing.

21.4 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 & cash equivalents and marketable securities and the ability to close out market positions due to dynamic nature of the business. Currently, there is no liquidity risk.

21.5 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 Company is not materially exposed to credit risk.

21.6 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The estimated fair values of all the financial assets and liabilities are not materially different from their book values as at the balance sheet date.

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The carrying values of financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each

21.7 Foreign exchange risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency. The Company is currently not exposed to foreign exchange risk.

21.8 Capital Risk Management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital. Currently, the Company has zero borrowing at balance sheet thus minimizing the gearing ratio.

22. Provident fund and related disclosures

The following information is based on latest unaudited financial statements of the Fund as on 30th June:

	(Un-Audited) September 30,2020 Rupees	(Audited) June 30,2020 Rupees
Size of the fund	**1,461,036**	1,310,304
Cost of investments made	**-**	-
Percentage of investments made	**-**	-
Fair value of investments	**-**	-

The investments out of the provident fund have not been made in accordance with the provisions of Section 227 of the repealed Companies Ordinance, 1984 and rules formulated for this purpose.

23. No. of employees

The total and average number of employees respectively are as follows:

	(Un-Audited) September 30,2020 Number	(Audited) June 30,2020 Number
Number of employees	**11**	11
Average number of employees	**11**	11

24. Date of authorization

These financial statements have been authorized for issue by the Board of Directors of the Company on 15 OCT 2020.

25. General

Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE OFFICER **DIRECTOR**