



**ANNUAL REPORT
Period Ended June 30, 2020**

TRUST SECURITIES & BROKERAGE LIMITED

C O N T E N T S

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COMPANY INFORMATION

Board of Directors:

Ms. Zenobia Wasif
Mr. Abdul Basit
Mr. Zulfiqar Ali Anjum
Mr. Muhammad Khurram Faraz
Mr. Junaid Shehzad Ahmad
Mr. Khizer Hayat Farooq
Mr. Wing Commander Talat Mahmood

Chairperson/Director
Chief Executive Officer/Director (Executive)
Executive
Director (Non-Executive)
Director (Non-Executive)
Non-Executive (Independent)
Non-Executive (Independent)

Chief Financial Officer

Muhammad Ahmed

Company Secretary

Syed Maqsood Ahmad

Audit Committee:

Mr. Wing Commander Talat Mahmood	Chairman
Mr. Muhammad Khurram Faraz	Member
Mr. Junaid Shehzad Ahmad	Member

H.R & Remuneration Committee:

Mr. Khizer Hayat Farooq	Chairman
Mr. Junaid Shehzad Ahmad	Member
Ms. Zulfiqar Ali Anjum	Member

Auditors:

Reanda Haroon Zakaria & Company
Chartered Accountants

Internal Auditors:

Muhammad Adnan Siddiqui
Chartered Accountant

Legal Advisors:

Lashari & Co

Share Registrar:

Hameed Majeed Associates (Pvt.) Ltd.
H.M. House, 7-Bank Square, Lahore.
Tel: (92-42) 3723 5081-82, Fax: (92-42) 37358817

Bankers:

Habib Bank Limited
J.S. Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
MCB Bank Limited

Bank AL Habib Limited
Bank Islami Limited
Bank Alfalah Limited
Bank Al Baraka

Registered Office:

Suite No. 401, 4th Floor, Business & Finance Centre
I.I. Chundrigar Road, Karachi (Pakistan)
UAN: (92-21)111-000-875
Tel: (92-21) 32469044-48, Fax: (92-21)32467660

Branch Office Karachi:

2nd Floor, PSX New Building
Stock Exchange Road, Karachi, Pakistan
Tel: (92-21) 32460161-7, Fax: (92-21) 32467660

Branch Office Lahore:

2nd Floor, Associated House
Building No. 1&2, 7-Kashmir Road, Lahore
Tel: (92-42) 36310241-44, Fax: (92-42) 36373040

Branch Office LSE Plaza, Lahore:

Room No. 607, 6th Floor, LSE Plaza
19-Khayaban-e-Aiwan-e-Iqbal, Lahore
Tel: (92-42) 36300181, 36300554, 36373045, 36374710

Website: www.tsbl.com.pk E-mail: info@tsbl.com.pk

Our Mission

To provide our clients premium quality
Service and deliver optimal return to our
Shareholders

Our Vision

To become a leading securities firm and
Contribute its role in the growth of domestic
Capital markets and economy

CODE OF ETHICS

We are strong believer of the fact that Ethics and Good Practices play a vital role in advancement and betterment of the Company. To support our belief, we endeavor our best to follow these ethical and good practices:

1. Trust & Integrity
2. Fair Treatment
3. Respectful Treatment
4. Observance of the Rules and Regulations
5. Observance of the Interests of the Contracting Parties
6. Preserve the confidentiality of information communicated by clients within the scope of the Manager-client relationship
7. Use reasonable care and prudent judgment when managing client assets
8. Not engage in practices designed to distort prices or artificially inflating trading volume with the intent to mislead market participants
9. Maximize client portfolio value by seeking best execution for all client transactions
10. Establish policies to ensure fair and equitable trade allocation among client
11. Develop and maintain policies and procedures to ensure that their activities comply with the provisions of this Code and all applicable legal and regulatory requirements
12. Everyone has different needs, preferences and circumstances. They therefore need a portfolio that truly caters to them
13. Ensure portfolio information provided to clients by the Manager is accurate and complete and arrange for independent third-party confirmation or review of such information.

TRUST SECURITIES & BROKERAGE LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY SEVENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON TUESDAY, OCTOBER 27, 2020 AT 2:45 P.M. AT SUITE # 401, 4TH FLOOR, BUSINESS & FINANCE CENTRE, I. I. CHUNDRIGAR ROAD, KARACHI TO TRANSACT THE FOLLOWING BUSINESS

ORDINARY BUSINESS:

1. To confirm the minutes of the last Extraordinary Annual General Meeting held on April 1, 2020.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2020 together with the Directors' and the Auditors' reports thereon.
3. To appoint Auditors of the Company for the year 2020-21 and to fix their remuneration.
4. To discuss any other matter with the permission of the Chair.

By Order of the Board

Sd/-

COMPANY SECRETARY

Karachi :
October 05, 2020

NOTES:

1. The register of members will remain closed from October 20, 2020 to October 27, 2020 (both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint another member as proxy. Proxies must be received at the Company's registered office not less than 48 hours before the meeting and must be duly stamped and signed.
3. Any individual beneficial owner of CDC, entitled to attend and vote at this meeting must bring his/her CNIC or passport to prove his/her identity and in case of proxy, a copy of shareholders attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.
4. The Financial Statements of the Company for the year ended June 30, 2020 will be placed on Company's website <http://tsbl.com.pk> in due course of time.
5. Members who have not yet submitted photocopy of their CNIC and email address are requested to send the same to the Share Registrar of the Company.
6. Participation in the AGM proceeding via the Video Conference Facility
Participation in the AGM proceeding via the Video Conference Facility due to current

COVID-19 situation, Shareholders interested to participate in the meeting are requested to share below information at agm2020@tsbl.com.pk for their appointment and proxy's verification at least 48 hours before the time of the meeting.

S. No.	Name of Shareholder	CNIC No.	Folio No.	Cell No.	Email Address

Video conference link details and login credentials will be shared with those Shareholders whose emails containing all the particulars are received at least 48 hours before the time of the meeting. Shareholders can also provide their comments and questions for the agenda items of the AGM on agm2020@tsbl.com.pk at least 48 hours before the time of the meeting.

7. The Annual Report is being transmitted to shareholders through CD or DVD or USB instead of sending in Book form / hard copy in terms of SECP SRO # 470(I)/ 2016 dated May 31, 2016. The Company has obtained shareholders' approval in 26th Annual General Meeting held on October 25, 2019.

ٹرسٹ سیکورٹیز اینڈ بروکریج لمیٹڈ اطلاع سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ کمپنی کا سالانہ اجلاس عام بروز منگل 27 اکتوبر 2020 کو دوپہر 2:45 بجے آفس نمبر 401 ، 4th فلور بزنس اینڈ فنانس سینٹر، آئی آئی چندریگر روڈ، کراچی پر درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عمومی امور

- ۱- یکم اپریل 2020 کو منعقدہ گزشتہ غیر معمولی اجلاس عام کی کارروائی کی توثیق کرنا۔
 - ۲- 30 جون 2020ء کو ختم ہونے والے سال کے لیے کمپنی کے سالانہ نظر ثانی شدہ مالیاتی حسابات بمعہ ان پراڈیٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری دینا۔
 - ۳- سال 2020-21 کیلئے کمپنی کے آڈیٹرز کا تقرر اور ان کے صلہ خدمت کا تعین کرنا۔
 - ۴- چیئر مین صدر کی اجازت سے کسی دیگر امور پر غور کرنا۔
- کراچی : 05 اکتوبر 2020ء
نوٹس :

بحکم بورڈ
کمپنی سیکریٹری

- ۱- ممبران کار جسٹس 120 اکتوبر 2020ء تا 127 اکتوبر 2020ء (بشمول ہر دو ایام) بند رہے گا۔
- ۲- اجلاس میں شرکت اور رائے دہی کا بل اہل ممبر اپنی جانب سے شرکت کرنے اور رائے دہی کیلئے کسی دیگر ممبر کو پراسی مقرر کر سکتا / کر سکتی ہے۔
- ۳- اجلاس ہذا میں شرکت اور ووٹ دینے کے اہل سی ڈی سی کے کسی انفرادی بینیفیشل اونر کو اپنی شناخت ثابت کرنے کیلئے اپنا اصل CNIC یا پاسپورٹ لازماً ہمراہ لانا ہوگا۔ پراسی کی صورت میں اپنے CNIC یا پاسپورٹ کی مصدقہ نقل لازماً منسلک کرنا ہوگا۔ کارپوریٹ ارکان کے نمائندگان کو ایسے مقصد کے لیے مطلوبہ مجموع کے دستاویزات ہمراں لانے ہونگے۔
- ۴- 30 جون، 2020 کو ختم ہونے والے ال کے لیے کمپنی کے مالیاتی گوشوارے کمپنی کی ویب سائٹ <http://tsbl.com.pk> مقرر وقت کو اب لوڈ کر دیئے جائینگے۔
- ۵- ارکان جنہوں نے ابھی تک اپنے CNIC کی کاپی اور ای میل ایڈریس جمع نہیں کرائیں ہیں درخواست ہے کہ وہ فوری طور پر کمپنی کے شیئر رجسٹرار کو ارسال کریں۔
- ۶- AGM کارروائی میں وڈیو کانفرنس سہولت کے ذریعے شرکت COVID-19 کی موجودہ صورت حال کی وجہ سے AGM کارروائی میں وڈیو کانفرنس سہولت کے ذریعے شرکت اجلاس میں شرکت کے خواہشمند حصص یافتگان سے التماس ہے کہ اپنی تقرری اور پراسی کی توثیق کے لیے agm2020@tsbl.com.pk پر درج ذیل معلومات اجلاس کے وقت سے کم از کم 48 گھنٹے قبل پہنچائیں۔

نمبر شمار	نام شیئر ہولڈر	CNIC نمبر	فونیو نمبر	موبائل نمبر	سی میل ایڈریس

وڈیو کانفرنس لنک کی تفصیلات اور لاگ ان کریڈنشلز ان حصص داران کے ساتھ شیئر کی جائیں گی جن کی تمام کوائف سمیت ای میلز اجلاس کے وقت سے کم از کم 48 گھنٹے وصول ہو جائیں۔

شیئر ہولڈر AGM کے ایجنڈا اسٹم سے متعلق اپنی آراء اور سوالات اجلاس کے وقت سے کم از کم 48 گھنٹے قبل agm2020@tsbl.com.pk پر فراہم کر سکتے ہیں۔

- ۷- SECP No. 470(I)/2016 مورخہ 31 مئی 2016 کے شرائط میں سالانہ رپورٹس بک فارم / ہارڈ کاپیوں میں ارسال کرنے کی بجائے حصص داران کو CD یا DVD یا USB کے ذریعے ترسیل کی جارہی ہیں۔ کمپنی نے 25 اکتوبر 2019 کو منعقدہ 26 سالانہ اجلاس عام میں حصص داران کی منظوری حاصل کر لی ہے۔

DIRECTORS' REPORT

For the Year Ended 30th June, 2020

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of the company, it gives me immense pleasure to present the Annual Report of the Company for the year ended June 30th '2020 together with the Audited Financial Statements for the year thereon as per accounting, regulatory and legal requirements.

MARKET AND PERORMANCE REVIEW

The novel Coronavirus (Covid-19) pandemic which first surface in china was classified as pandemic by the World Health Organization on 11 March, 2020 impacting countries globally including Pakistan. The virus has taken its toll on not just human life, but business and financial markets too, the extent of which is currently indeterminate. The global economy slid into recession with overall economic growth shrinking 4.9% this year. Our country was no exception, with GDP shrinking by 0.38% as compared to 3.3% growth recorded a year earlier. Measures taken to control the spread have resulted to an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX).

In the Fiscal Year 2020, the Pakistan Stock Market saw the index touching the 28000 level while the sustainability to the Index were a combined result of Pakistan's improving Balance of Payment position, lower interest rates, increase in foreign remittances and by the grace of Allah Almighty recovery from Covid-19. This helped the index post a recovery of 7193pts in 4Q of FY 2020. Moreover this recovery also helped your company to achieve an increase in brokerage revenue from our clients. The newly incorporated license of the Pakistan Mercantile Exchange (PMEX) was also a contributing factor to our net revenue which performed exceptionally well. On the other hand, the company does face challenges on New Accounts due to strict KYC/AML regulations that force brokers to conduct stricter due diligence of clients that affects the opening of new accounts. We are engaged with the AML Division at SECP and moreover expanding our team to make this process smoother while making our clients aware of the same.

The company is positive to achieve higher revenues on account of increased traded values and higher market volumes. **OUR PEOPLE, OUR STRENGTH**, this is what the management at TSBL believes. The team has contributed a lot to achieve remarkable results which translates into high level of customer satisfaction.

We are pleased to announce the company's financial results for the year ended 30 June 2020 which has seen a jump in revenue hence achieving a net profit of Rs. 34.89 Million and positive EPS of Rs. 1.16.

FINANCIAL RESULTS:

The summarized financial results are as follows:

	NOTE	2020 (RUPEES)	2019 (RUPEES)
Operating Revenue	20	96,561,064	37,074,178
Gain / (loss) on sale of short term investments		12,179,255	(4,044,924)
Loss on remeasurement of investments – at FVTPL		(578,587)	(994,321)
Operating and administrative expenses	21	(107,717,460)	(63,418,060)
Finance Cost	22	(825,538)	(1,172,273)
Other charges	23	(1,215,871)	(6,671,378)
Other Income	24	<u>31,786,412</u>	<u>16,391,442</u>
Profit/(loss) before taxation		30,189,275	(22,835,336)
Taxation	25	<u>4,701,339</u>	<u>(601,112)</u>
Profit / (loss) after taxation		<u>34,890,614</u>	<u>(23,436,448)</u>
Earnings / (loss) per share – basic and diluted	26	<u>1.16</u>	<u>(0.78)</u>

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the company present fair state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Accounting policies have been consistently applied in the accounts, in preparation of financial statements & accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound and design. It has been effectively implemented by the management and is monitored by the internal and external auditor as well as the Board of Directors and the audit committee. The Board reviews the effectiveness of established internal control through audit committee and suggests, wherever required, further improvement in the internal control systems.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There is no reported instance of any material departure from the best practices of the

corporate governance.

- Summary of Key operating and financial data of last six years have been included in this report.
- Pattern of shareholding is annexed to this report.
- During the financial year 2019-2020, various meetings of the Board of Directors were held.

The number of meetings and attendance of the Directors was as under:

The number of meetings and attendance of the Directors was as under:

ATTENDANCE REPORT OF DIRECTORS FROM JULY 01, 2019 TO JUNE 30, 2020

S. NO.	NAME OF DIRECTORS	TOTAL MEETINGS	ATTENDANCE
01.	Mrs. Zenobia Wasif	FOUR	THREE
02.	Mr. Abdul Basit	FOUR	FOUR
03.	Mr. Muhammad Khurram Faraz	FOUR	FOUR
04.	Mr. Khizer Hayat Farooq	FOUR	FOUR
05.	Mr. Junaid Shehzad Ahmad	FOUR	THREE
06.	Mr. Wing Cdr. Talat Mahmood <i>(Appointed on April 1, 2020)</i>	FOUR	ONE
07.	Mr. Zulfiqar Ali Anjum	FOUR	FOUR
08.	Mr. Muhammad Talha Razi <i>(Retired on April 1, 2020)</i>	FOUR	--

RECONSTITUTION OF BOARD COMMITTEES

The Board has reconstituted the following Board Committees

AUDIT COMMITTEE

1. Mr. Wing Cdr. Talat Mahmood (Retd.)
2. Mr. Muhammad Khurram Faraz
3. Mr. Junaid Shehzad Ahmad

H.R. & REMUNERATION COMMITTEE:

1. Mr. Khizer Hayat Farooq
2. Mr. Junaid Shehzad Ahmad
3. Mr. Zulfiqar Ali Anjum

AUDITORS

Present auditors M/s. Reanda Haroon Zakaria & Co., Chartered Accountants, are due to retire at forthcoming Annual General Meeting of the Company and being eligible, have offered themselves for re-appointment. The Audit Committee of the Board has also recommended their appointment as statutory auditors for the financial year ending June 30, 2021.

FUTURE OUTLOOK

The company's management looks forward on increasing the market share through wider participation in all its business segments. With the efforts put in by our growing team, we strive to yield better volumes from the existing clientele as well as prospective clients by expanding relationships with them through our expert marketing and sales team.

As of now, the Pakistani Rupees seems to be stabilized while interest rate has remarkably been lowered by the State Bank Of Pakistan in order to support businesses affected largely by the ongoing Pandemic. The stock market has performed positively on all sentiments being it lower interest rates or initiatives taken by the Stock Brokers Association in various issues being faced by the brokers or the upcoming review of FATF.

We feel the upcoming year will bring glory for Pakistan and recovers from the Global Pandemic with our manufacturing, construction and services industry growing. This positive outlook by our analysts translate into better earnings for the listed companies which brings foreign as well as domestic interest on the bourse.

ACKNOWLEDGMENT

We are grateful to the company's stakeholders for their continuing confidence and patronage. We are appreciative of our bankers, the Securities and Exchange Commission of Pakistan as well as the management of the Pakistan Stock Exchange for their support and guidance.

We pray to Almighty Allah for his blessings, guidance and Prosperity to us, our company and The Nation.

Sd/-

ZENOBIA WASIF
CHAIRMAN/DIRECTOR

Sd/-

ABDUL BASIT
CHIEF EXECUTIVE OFFICER

Dated: 25th September, 2020

TRUST SECURITIES & BROKERAGE LIMITED

BALANCE SHEETS AS AT 30TH JUNE 2020

	2020	2019	2018	2017	2016	2015
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
ASSETS						
Non-Current Assets						
Property and equipment	12,989,347	13,475,292	1,912,030	1,035,402	3,603,295	3,668,342
Intangibles	6,288,434	6,563,434	4,042,600	1,542,600	1,542,600	1,542,600
Long term investments	2,720,000	2,720,000	2,720,000	2,720,000	2,759,423	2,772,444
Right of Use Asset	3,337,495	-	-	-	-	-
Deferred taxation	9,271,141	-	-	-	-	-
Long term deposits	2,130,000	1,675,149	1,825,149	525,149	725,149	925,149
	36,736,417	24,433,875	10,499,779	5,823,151	8,630,467	8,908,535
Current Assets	261,142,201	218,515,581	212,782,288	28,732,116	24,761,996	36,111,025
TOTAL ASSETS	297,878,618	242,949,456	223,282,067	34,555,267	33,392,463	45,019,560
EQUITY AND LIABILITIES						
Share Capital and Reserves						
Authorised share capital	750,000,000	750,000,000	750,000,000	100,000,000	100,000,000	100,000,000
Issued, subscribed and paid up capital	300,000,000	300,000,000	300,000,000	100,000,000	100,000,000	100,000,000
General reserve	-	-	-	-	3,500,000	3,500,000
Capital reserve	-	-	-	-	27,849	40,870
Accumulated losses	(94,869,084)	(129,759,698)	(106,323,250)	(87,969,799)	(88,879,958)	(96,693,731)
	205,130,916	170,240,302	193,676,750	12,030,201	14,647,891	6,847,139
Current Liabilities	92,747,702	72,709,154	29,605,317	22,525,066	18,744,572	38,172,421
TOTAL EQUITY AND LIABILITIES	297,878,618	242,949,456	223,282,067	34,555,267	33,392,463	45,019,560

TRUST SECURITIES & BROKERAGE LIMITED

PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2020

	2020	2019	2018	2017	2016	2015
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Operating revenue	96,561,064	37,074,178	2,905,421	8,019,005	4,180,239	6,359,377
Gain /(loss) on sale of securities / remeasurement of investemnts	11,600,668	(5,039,245)	47,679	59,987	98,043	516,302
	108,161,732	32,034,933	2,953,100	8,078,992	4,278,282	6,875,679
Operating and administrative expenses	(107,717,460)	(63,418,060)	(22,063,568)	(9,736,563)	(8,947,797)	(9,055,396)
Finance cost	(825,538)	(1,172,273)	(875,770)	(11,807)	(10,260)	(9,379)
	(108,542,998)	(64,590,333)	(22,939,338)	(9,748,370)	(8,958,057)	(9,064,775)
	(381,266)	(32,555,400)	(19,986,238)	(1,669,378)	(4,679,775)	(2,189,096)
Other charges	(1,215,871)	(6,671,378)	(80,739)	(2,848,604)	(973,405)	(15,796,274)
Other income	31,786,412	16,391,442	2,081,988	2,056,919	13,586,886	1,705,301
Profit / (loss) before taxation	30,189,275	(22,835,336)	(17,984,989)	(2,461,063)	7,933,706	(16,280,069)
Taxation	4,701,339	(601,112)	(368,462)	(128,778)	(119,933)	(172,970)
Profit / (loss) after taxation	34,890,614	(23,436,448)	(18,353,451)	(2,589,841)	7,813,773	(16,453,039)
Earnings / (loss) per share - basic & diluted	1.16	(0.78)	(0.90)	(0.22)	0.78	(1.65)

PATTERN OF SHAREHOLDING AS ON JUNE 30TH, 2020

Number of Shareholders	Shareholdings		Total Number of Share Held	Percentage of Total Capital
	From	To		
115	1 -	100	8,225	0.03
565	101 -	500	254,846	0.85
59	501 -	1000	53,362	0.18
60	1001 -	5000	140,572	0.47
8	5001 -	10000	61,900	0.21
3	10001 -	15000	39,000	0.13
1	15001 -	20000	20,000	0.07
1	20001 -	25000	25,000	0.08
3	25001 -	30000	84,500	0.28
2	30001 -	35000	61,700	0.21
5	35001 -	40000	196,000	0.65
2	45001 -	50000	98,500	0.33
2	50001 -	55000	107,500	0.36
3	55001 -	60000	175,000	0.58
1	65001 -	70000	70,000	0.23
2	75001 -	80000	159,000	0.53
1	80001 -	85000	84,000	0.28
2	90001 -	95000	184,000	0.61
2	95001 -	100000	195,500	0.65
1	100001 -	105000	104,000	0.35
1	145001 -	150000	150,000	0.50
1	185001 -	190000	190,000	0.63
1	200001 -	205000	202,500	0.68
1	265001 -	270000	269,500	0.90
1	270001 -	275000	275,000	0.92
3	295001 -	300000	899,000	3.00
1	320001 -	325000	325,000	1.08
1	430001 -	435000	431,000	1.44
1	640001 -	645000	640,500	2.14
1	745001 -	750000	750,000	2.50
1	755001 -	760000	756,000	2.52
1	765001 -	770000	769,000	2.56
1	945001 -	950000	950,000	3.17
1	1100001 -	1105000	1,101,500	3.67
1	1315001 -	1320000	1,320,000	4.40
1	2400001 -	2405000	2,401,500	8.01
1	2760001 -	2765000	2,765,000	9.22
1	2975001 -	2980000	2,975,645	9.92
1	2995001 -	3000000	3,000,000	10.00
1	7705001 -	7710000	7,706,250	25.69
860			30,000,000	100.00

DETAILED CATEGORIES OF SHAREHOLDERS AS ON JUNE 30TH, 2020

SR.#	NAME	SHARES HELD	PERCENTAGE
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN			
1	Mr. Muhammad Khurram Faraz	500	0.0017
2	Junaid Shehzad Ahmed	3,000,000	10.0000
3	Mr. Zulfiqar Ali Anjum	500	0.0017
4	Mrs. Zenobia Wasif	500	0.0017
5	Khizer Hayat Farooq	1,101,500	3.6717
6	Mehreen Khurram	300,000	1.0000
7	Talat Mahmood	500	0.0017
8	Mr Abdul Basit	500	0.0017
	Running Total:	4,404,000	14.6800
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
1	Sikander Mahmood	7,706,250	25.6875
2	Ahmad Kamal	25,000	0.0833
	Running Total:	7,731,250	25.7708
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS			
1	Fidelity Investment Bank Ltd.	4,400	0.0147
2	Foresight Investments (Pakistan) (Pvt.) Limited	2,765,000	9.2167
3	MCB Bank Limited - Treasury	300,000	1.0000
	Running Total:	3,069,400	10.2313
MODARBAS AND MUTUAL FUNDS			
1	Trust Modaraba	30,200	0.1007
	Running Total:	30,200	0.1007
GENERAL PUBLIC (LOCAL)			
	Running Total:	7,727,504	25.7583
OTHERS			
1	Salim Sozer Securities (Pvt.) Ltd.	70,000	0.2333
2	Highlink Capital (Pvt.) Limited	300	0.0010
3	Rao Systems (Pvt.) Ltd.	1,000	0.0033
4	Sarfraz Mahmood (Private) Ltd	500	0.0017
5	Trust Securities & Brokerage Limited - Mf	202,500	0.6750
6	Paramount Commodities (Private) Limited	2,975,645	9.9188
7	Y.S. Securities & Services (Pvt) Ltd.	500	0.0017
8	S.H. Bukhari Securities (Pvt) Limited	2,500	0.0083
9	Mg Media (Pvt.) Limited	2,401,500	8.0050
10	Arabian Sea Enterprises Limited	431,000	1.4367
11	Prudential Securities Limited	1,900	0.0063
12	Hamid Adamjee Trust	950,000	3.1667
13	Maple Leaf Capital Limited	1	0.0000
14	S.H. Bukhari Securities (Pvt) Limited	300	0.0010
	Running Total:	7,037,646	23.4588
	GRAND TOTAL:	30,000,000	100.0000

ڈائریکٹرز رپورٹ

برائے اختتام 30 جون 2020ء

معزز حصص یافتگان،

کمپنی بورڈ کے ڈائریکٹرز کی جانب سے کمپنی کی سالانہ رپورٹ برائے اختتام 30 جون 2020ء بشمول سال کی آڈٹ شدہ مالیاتی تفصیلات حسابی کھاتہ، ضوابط و قانونی درکار ضرورت کے مطابق پیش کرتے ہوئے مجھے انتہائی خوشی ہے۔

جائزہ برائے بازار کارکردگی

نول کورونا وائرس (کوویڈ-19) و باء جو سب سے پہلے چائنا سے شروع ہوئی دنیا بھر کے ممالک بشمول پاکستان پر اثر انداز ہوتے ہوئے اسے عالمی ادارہ صحت کی جانب سے 11 مارچ 2020ء کو وبائی مرض قرار دیا گیا۔ اس نے نہ صرف انسانی جانوں بلکہ مالیاتی مارکیٹوں کو بھی اپنی گرفت میں لیا جس کی حد کا اندازہ فی الحال ناقابل تعین ہے۔ اس سال عالمی معیشت زوال کا شکار ہو کر مجموعی معاشی پیداوار %4.9 تک کم ہو گئی۔ ہمارا ملک بلا تفریق گزشتہ ایک سال قبل ریکارڈ کردہ %3.3 پیداوار کے مقابلے میں %0.38 کی جی ڈی پی کے ساتھ تھا۔ اس پھیلاؤ کو روکنے کیلئے کئے گئے اقدامات مجموعی طور پر معاشی سست روی، متعدد کاروبار کیلئے بد نظمی اور پاکستان اسٹاک ایکسچینج (پی ایس ایکس) کے نمایاں طور پر غیر مستحکم ہونے کا باعث بنے۔

مالیاتی سال 2020ء میں، پاکستان اسٹاک مارکیٹ نے 28000 انڈیکس کی سطح کو چھوتے دیکھا جبکہ پاکستان کی ادائیگی رقوم میں بہتری، کم سودی شرح، غیر ملکی ادائیگیوں اور اللہ تعالیٰ کے فضل سے کوویڈ-19 کی بحالی مشترکہ طور پر انڈیکس کیلئے استحکام کا باعث بنے۔ اس نے FY 2020 کے 4Q میں انڈیکس کے 7193 پوائنٹس میں مدد دی۔ مزید یہ کہ اس بحالی نے آپ کی کمپنی کو ہمارے کلائنٹس سے بروکرینج ریونیو میں اضافے کے حصول میں بھی مدد دی۔ پاکستان مرکٹسٹاک ایکسچینج (پی ایم ای ایکس) کا حالیہ شامل کردہ لائسنس بھی ہمارے مجموعی ریونیو کیلئے معاون عنصر تھا جس نے بہتر طور پر نمایاں کارکردگی انجام دی۔ دوسری جانب کمپنی کو KYC/AML کی جانب سے سختی ضوابط کے باعث نئے کھاتوں پر مشکلات کا سامنا ہے کہ بروکر حضرات کو کلائنٹس سے زیادہ سختی سے پیش آنے پر مجبور کرتا ہے جو نئے کھاتے کھولنے کو متاثر کرتا ہے۔ ہم اے ایم ایل ڈویژن، ایس ای سی پی سے منسلک ہیں اور مزید براں اس طریقہ کار کو زیادہ سہل بنانے کیلئے اپنے کلائنٹس کو اس سے آگاہ رکھتے ہوئے اپنی چارٹیم کو بڑھا رہے ہیں۔

بڑھتی ہوئی ٹریڈ ویلیو اور زیادہ مارکیٹ حجم کو مد نظر رکھتے ہوئے کمپنی زیادہ ریونیو کے حصول میں مثبت ہے ہمارے لوگ، ہماری قوت، یہی وجہ ہے کہ یہ انتظامیہ TSBL پر یقین رکھتی ہے۔ اس ٹیم نے نمایاں نتائج کے حصول میں خاطر خواہ معاونت کی ہے جو کسٹمر کی اعلیٰ سطح پر تسلی کا باعث ہے۔

ہمیں کمپنی کے مالیاتی نتائج برائے اختتام 30 جون 2020ء کا اعلان کرتے ہوئے خوشی ہے جو ریونیو میں ایک جست ہے اسی لئے 1.16 کے مثبت ای پی ایس حاصل کرتے ہوئے 34.89 بلین کا مجموعی منافع حاصل کر رہے ہیں۔

مالیاتی نتائج:-

اختصار شدہ مالیاتی نتائج درج ذیل ہیں:-

2019 (روپے)	2020 (روپے)	نوٹ	
37,074,178	96,561,064	20	فعال آمدنی
(4,044,924)	12,179,255		قلیل المعیاد سرمایہ کاری کی فروخت پر حصول / خسارہ
(994,321)	(578,587)		FVTPL پر۔ از سر نو تخمینہ پر خسارہ
(63,418,060)	(107,717,460)	21	فعال اور انتظامی اخراجات
(1,172,273)	(825,538)	22	مالی لاگت
(6,671,378)	(1,215,871)	23	دیگر چارجز
16,391,442	31,786,412	24	دیگر آمدنی
(22,835,336)	30,189,275		منافع / (خسارہ) قبل از ادائیگی ٹیکس
(601,112)	4,701,339	25	ادائیگی ٹیکس
(0.78)	1.16	26	کمائی / خسارہ فی حصص۔ بنیادی اور تحلیل شدہ

ادارتی اور مالیاتی رپورٹنگ کا لائحہ عمل

- ♦ کمپنی کی انتظامیہ کی جانب سے تیار کردہ یہ مالیاتی اپنے افعال کا نتیجہ، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طریقے سے پیش کرتی ہے۔
- ♦ کمپنی کے کتابی کھاتہ جات کو باقاعدہ ترتیب دیا گیا ہے۔
- ♦ کھاتہ داری لائحہ عمل کا اطلاع ان کھاتوں پر کیا گیا جس میں مالیاتی تفصیلات اور حسابی تخمینہ جات شامل ہیں جو معقول اور زیرک فیصلہ کی بنیاد ہیں۔
- ♦ عالمی مالیاتی رپورٹنگ کا معیار، جیسا کہ پاکستان میں رائج ہے مالیاتی تفصیلات تیاری میں اپنایا گیا ہے اور کسی بھی ڈپارچر کا پوری طرح انکشاف کیا گیا ہے۔
- ♦ اندرونی ضابطہ نظام ہم آہنگ اور وضع کردہ ہے۔ انتظامیہ کی جانب سے اس پر موثر طریقے سے عملدرآمد کیا گیا ہے اور اندرونی و بیرونی آڈیٹرز نیز بورڈ کے ڈائریکٹرز اور آڈٹ کمیٹی کی جانب سے اس کی نگرانی کی جاتی ہے۔ یہ بورڈ طے شدہ اندرونی نظام کے موثر ہونے کا جائزہ لیتا ہے علاوہ اس کے آڈٹ کمیٹی اور مشورے جہاں درکار ہوں، اندرونی ضابطہ نظام میں مزید بہتری۔
- ♦ کمپنی کو اپنے معاملات جاری رکھنے کی اہلیت پر کوئی ابہام نہیں ہے۔

- ♦ ادارتی انتظام کے عمل میں کوئی ٹھوس ڈپارچر پورٹ نہیں ہوئی۔
- ♦ گزشتہ چھ سالوں کے کلیدی افعال اور مالیاتی اعداد و شمار کا اختصار رپورٹ ہذا میں شامل کیا گیا ہے۔
- ♦ حصص کاری نمونہ رپورٹ کے ہمراہ منسلک ہے۔
- ♦ مالیاتی سال 2019-2020 کے دوران بورڈ کے ڈائریکٹر کے متعدد اجلاس منعقد ہوئے۔

اجلاس اور شرکت کردہ ڈائریکٹرز کی تعداد درج ذیل ہے:

ڈائریکٹرز کی حاضری رپورٹ 01 جولائی 2019 تا 30 جون 2020ء۔

نمبر شمار	نام ڈائریکٹر	کل تعداد اجلاس	حاضری
۱	مسماة زینو بیاواصف	چار	تین
۲	جناب عبدالباسط	چار	چار
۳	جناب محمد خرم فراز	چار	چار
۴	جناب خضر حیات فاروق	چار	چار
۵	جناب جنید شہزاد احمد	چار	تین
۶	جناب ونگ کمانڈر طلعت محمود (تقرر کردہ 11 اپریل، 2020ء)	چار	تین
۷	جناب ذوالفقار علی انجم	چار	چار
۸	جناب محمد طلحہ رضوی (سبکدوش ہوئے مورخہ 30 مارچ 2020ء کو)	چار	--

بورڈ کمیٹیوں کی از سر نو تشکیل

بورڈ نے درج ذیل بورڈ کمیٹیاں تشکیل دی ہیں

آڈٹ کمیٹی

ایچ آر اور کمیٹی برائے معاوضہ جات

۱۔ جناب خضر حیات فاروق

۱۔ جناب ونگ کمانڈر طلعت محمود (ریٹائرڈ)

۲۔ جناب جنید شہزاد احمد

۲۔ جناب محمد خرم فراز

۳۔ جناب ذوالفقار علی انجم

۳۔ جناب جنید شہزاد احمد

آڈیٹرز

موجودہ آڈیٹرز میسرز ریندا ہارون ذکریا اینڈ کو، چارٹرڈ اکاؤنٹنٹس کمپنی کے آئیو اے سالانہ عمومی اجلاس پر سبکدوش ہونے والے ہیں اور انہوں نے بطور اہل ہونے کے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے بھی بطور قانونی آڈیٹرز برائے اختتام 30 جون 2021 کیلئے ان کی تقرری کی تجویز دی ہے۔

مستقبل کا خاکہ :-

کمپنی انتظامیہ کو اپنے تمام کاروباری حلقوں میں وسیع شمولیت کے ذریعے مارکیٹ شیئر میں اضافہ کی توقع ہے۔ ہماری بڑھتی ہوئی ٹیم کی کوششوں سے ہم اپنے موجودہ اور نئے کلائنٹس سے اپنی ماہر مارکیٹنگ اور سیلز ٹیم کے ذریعے ان کے ساتھ تعلقات میں وسعت دینے کے ساتھ بہتر حجم کے حصول میں کوشاں ہیں۔

جیسا کہ اب پاکستانی روپے میں استحکام دکھائی دیتا ہے جبکہ اسٹیٹ بینک آف پاکستان کی جانب سے حالیہ وباء سے وسیع پیمانے پر متاثرہ کاروبار کی معاونت کیلئے شرح سود میں خاطر خواہ کمی کی گئی ہے۔ اسٹاک مارکیٹ نے مثبت طور پر تمام پہلو انجام دیئے ہیں چاہے وہ کم ترین شرح سود ہو یا اسٹاک بروکرز ایسوسی ایشن کی جانب سے متعدد درپیش معاملات پر کیئے گئے اقدامات ہوں یا ایف اے ٹی ایف کے آئندہ جائزے ہوں۔

ہم محسوس کرتے ہیں کہ آئیو اے سال پاکستان کیلئے شاندار ہوگا اور ہماری مینوفیکچرنگ، تعمیراتی اور بڑھتی ہوئی صنعتی خدمات کے ساتھ عالمی وباء سے بحال ہوگا۔ ہمارے تجزیہ کاروں کی جانب سے فہرست شدہ کمپنیوں کیلئے بہتر آمدنی کا یہ مثبت خاکہ ہے جو بازار میں غیر ملکی نیز ملکی انیسٹرسٹ لاتا ہے۔

اعتراف :-

ہم ان کے اعتماد اور سرپرستی کے لیے کمپنی، اسٹیک ہولڈرز کے مشکور ہیں۔ ہم اپنے مینکروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ساتھ ساتھ پاکستان ایکسچینج کے انتظام اور ان کی حمایت اور رہنمائی کے لیے ان کی تعریف کرتے ہیں۔

ہم سب اللہ تعالیٰ سے اپنی کمپنی اور دی نیشن کے لیے اس برکت ہدایت اور راحت کے لیے اللہ تعالیٰ سے دعا کرتے ہیں۔

Sd/-

زونیبہ واصف
چیئر مین / ڈائریکٹر

Sd/-

عبدالباسط
چیف ایگزیکٹو آفیسر

بتاریخ 25 ستمبر 2020

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
TRUST SECURITIES & BROKERAGE LIMITED
FOR THE YEAR ENDED JUNE 30, 2020**

The company has complied with the requirements of the Regulations in the following manner:

1. The total numbers of Directors are Seven (07) as per following:

- a) MALE : Six (06)
b) FEMALE : One (01)

2. The composition of Board is as follows:

Category	Names
Independent Directors	a) Mr. Khizer Hayat Farooq b) Mr. Wing Cdr. Talat Mahmood (Retd.)
Other Non-Executive Directors	c) Mr. Muhammad Khurram Faraz d) Mr. Junaid Shehzad Ahmad
Executive Directors	e) Mr. Abdul Basit f) Mr. Zulfiqar Ali Anjum
Female Directors	g) Mrs. Zenobia Wasif

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training programme for the following:
 1. Mr. Khizer Hayat Farooq
 2. Mr. Junaiz Shehzad Ahmad
 3. Mrs. Zenobia Wasif
 4. Mr. Muhammad Khurram Faraz
 5. Wing Cdr. Talat Mahmood
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed Committees comprising of members given below:

Audit committee:

- | | |
|--|----------|
| 1. Mr. Wing Cdr. Talat Mahmood (Retd.) | Chairman |
| 2. Mr. Muhammad Khurram Faraz | Member |
| 3. Mr. Junaid Shehzad Ahmad | Member |

H.R. & Remuneration committee:

- | | |
|-----------------------------|----------|
| 1. Mr. Khizer Hayat Farooq | Chairman |
| 2. Mr. Junaid Shehzad Ahmad | Member |
| 3. Mr. Zulfiqar Ali Anjum | Member |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committees were as per following:
 - a) Audit committee: 4
 - b) HR and remuneration committee: 1

15. The Board has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and on-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



ZENOBIA WASIF
Chairperson

Karachi.

Dated: September 25, 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Trust Securities and Brokerage Limited

Review Report on the Statement of Compliance contained in listed companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Trust Securities and Brokerage Limited** ("the Company") for the year ended June 30, 2020 in accordance with the requirement of regulation 36 of the Regulation.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulation require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the Related party transaction by the board of directors upon recommendations of the Audit committee. We have not carried out procedures to assess and determine the company's process for identification of the related party and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.


Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Date: 25 SEP 2020

**REANDA**

Reanda Haroon Zakaria & Company
Chartered Accountants



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
TRUST SECURITIES AND BROKERAGE LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

No.	Key Audit Matters	How the matter was addressed in our Audit
1	<p>Adoption of IFRS 16-Leases</p> <p>Refer to note 2.5.1 to the financial statements. The company has adopted IFRS 16 “Leases” on July, 2019. Under the requirement of IFRS 16, the company recognized right of use assets and lease liabilities for certain lease payments i.e. these leases are on the statement of financial position.</p> <p>The matter is considered as a key audit matter because the application of this standard requires management to make judgements, estimates and assumptions with regard to lease term and discount rate for calculation of lease liabilities.</p>	<p>Our audit procedure in respect of this area included:</p> <ol style="list-style-type: none"> 1. Obtained an understanding of the company’s processes and related internal controls for lease accounting, including those relating to assessment of discount rate, lease term and extension options and considered their appropriateness. 2. On a sample basis, tested the lease data by comparing the lease agreement with related IFRS 16 calculations; 3. Tested on a sample basis, the calculation of right of use asset and lease liability by performing recalculation and tracing the terms with relevant supporting documents; 4. We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.
2	<p>Deferred Tax Asset Recognition</p> <p>Refer to note 9 to the financial statements. The recognition of a deferred tax asset in respect of tax losses, Minimum Tax and Alternative Corporate Tax (ACT) is permitted only to the extent that it is probable that future taxable profits will be available for utilization of such losses and taxes.</p> <p>When considering the availability of future taxable profits, judgement is required when assessing projections of future taxable income which are based on approved business plans/forecasts.</p>	<p>Our audit procedures in respect of this area included:</p> <ol style="list-style-type: none"> 1. We understood and tested key controls over the preparation and approval of the forecast taxable profits used to support the recognition of various deferred tax assets. We found the key controls were designed, implemented and operated effectively, and therefore we were able to place reliance on these controls for the purposes of our audit.

No.	Key Audit Matters	How the matter was addressed in our Audit
	<p>When considering the availability of future taxable profits, judgement is required when assessing projections of future taxable income which are based on approved business plans / forecasts.</p> <p>We consider this as key audit matter because if forecast results are not achievable, the recognition of the deferred tax assets may not be appropriate.</p>	<p>2. We evaluated whether the forecast profits were appropriate in terms of underlying economic assumptions, Industry benchmark, Company's future business plan and historical results.</p> <p>3. We evaluated the impact of tax law on the calculation of the Company's deferred tax balances.</p> <p>4. We found that the carrying value of the deferred tax asset together with the related disclosures is reasonable.</p>

Information Other than Financial Statements and Auditor's Report Thereon

Management is responsible for other information. Other information comprises the information included in the annual report for the year ended June 30, 2020, 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 information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors 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.
- 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 & Company
Chartered Accountants

Place: Karachi

Dated: 25 SEP 2020

TRUST SECURITIES AND BROKERAGE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	4	12,989,347	13,475,292
Right of use asset	5	3,337,495	-
Intangibles	6	6,288,434	6,563,434
Long term investments	7	2,720,000	2,720,000
Long term deposits	8	2,130,000	1,675,149
Deferred taxation	9	9,271,141	-
		<u>36,736,417</u>	<u>24,433,875</u>
Current Assets			
Short term investments	10	8,852,700	2,289,821
Trade debts	11	53,477,285	33,784,462
Investment in margin financing	12	46,397,969	19,960,193
Investment in margin trading system - net	13	-	5,100,203
Advances, deposits, prepayments and other receivables	14	110,493,354	65,135,295
Tax refunds due from government	15	4,672,365	6,911,780
Cash and bank balances	16	37,248,528	85,333,827
		<u>261,142,201</u>	<u>218,515,581</u>
Total Assets		<u><u>297,878,618</u></u>	<u><u>242,949,456</u></u>
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital			
75,000,000 (2019 : 75,000,000) Ordinary shares Ordinary shares) of Rs. 10 each		<u>750,000,000</u>	<u>750,000,000</u>
Issued, subscribed and paid-up capital	17	300,000,000	300,000,000
Reserves			
Accumulated losses		(94,869,084)	(129,759,698)
Shareholders' Equity		<u>205,130,916</u>	<u>170,240,302</u>
Current Liabilities			
Current maturity of lease liabilities against assets subject to finance lease	5	3,520,273	-
Trade and other payables	18	89,227,429	72,709,154
		<u>92,747,702</u>	<u>72,709,154</u>
Contingency and Commitment	19		
Total Equity and Liabilities		<u><u>297,878,618</u></u>	<u><u>242,949,456</u></u>

The annexed notes form an integral part of these financial statements


 Chief Executive


 Chief Financial Officer


 Director

TRUST SECURITIES AND BROKERAGE LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	<i>Note</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
Operating revenue	20	96,561,064	37,074,178
Gain / (loss) on sale of short term investments		12,179,255	(4,044,924)
Loss on remeasurement of investments - at FVTPL		(578,587)	(994,321)
Operating and administrative expenses	21	(107,717,460)	(63,418,060)
Finance cost	22	(825,538)	(1,172,273)
Other charges	23	(1,215,871)	(6,671,378)
Other income	24	31,786,412	16,391,442
Profit / (loss) before taxation		30,189,275	(22,835,336)
Taxation	25	4,701,339	(601,112)
Profit / (loss) after taxation		34,890,614	(23,436,448)
Earning / (loss) per share - basic and diluted	26	1.16	(0.78)

The annexed notes form an integral part of these financial statements



Chief Executive



Chief Financial Officer



Director

TRUST SECURITIES AND BROKERAGE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
Profit / (loss) for the year	34,890,614	(23,436,448)
Other comprehensive income/(loss)	-	-
Total comprehensive income/ (loss) for the year	<u>34,890,614</u>	<u>(23,436,448)</u>

The annexed notes form an integral part of these financial statements



Chief Executive



Chief Financial Officer



Director

TRUST SECURITIES AND BROKERAGE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	<i>Share Capital</i>	<i>Revenue Reserves Accumulated losses</i>	<i>Shareholders Equity</i>
	----- Rupees -----		
Balance as at June 30, 2018	300,000,000	(106,323,250)	193,676,750
Total comprehensive Income for the year			
Comprehensive loss for the year ended June 30, 2019	-	(23,436,448)	(23,436,448)
Balance as at June 30, 2019	300,000,000	(129,759,698)	170,240,302
Total comprehensive Income for the year			
Comprehensive income for the year ended June 30, 2020	-	34,890,614	34,890,614
Balance as at June 30, 2020	300,000,000	(94,869,084)	205,130,916

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



 Chief Executive



 Chief Financial Officer



 Director

TRUST SECURITIES AND BROKERAGE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	30,189,275	(22,835,336)
Adjustment for non-cash charges and other items		
Depreciation	1,573,527	1,228,015
Amortization on right of use assets	3,612,342	-
Amortization	275,000	229,166
Provision for doubtful debts	1,215,871	6,671,378
Interest income	(16,978,505)	(12,225,759)
Finance cost	825,538	1,108,567
Dividend income	(1,051,180)	(546,988)
Reversal of provision for doubtful debts	(6,681,718)	(101,039)
Gain on sale of fixed assets	(876)	(1,220)
Unrealised loss on remeasurement of investment	578,587	994,321
	<u>(16,631,414)</u>	<u>(2,643,559)</u>
	13,557,861	(25,478,895)
Changes in Working Capital:		
(Increase) / decrease in current assets		
Trade debts	(14,226,976)	(19,769,678)
Investment in margin financing	(26,437,776)	(10,298,392)
Investment in margin trading system - net	5,100,203	(5,100,203)
Advances, deposits, prepayments and other receivables	(45,616,774)	(9,018,384)
	<u>(81,181,323)</u>	<u>(44,186,657)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	16,518,275	51,834,028
Cash used in operations	<u>(51,105,187)</u>	<u>(17,831,524)</u>
Taxes paid	(2,330,387)	(4,978,652)
Finance cost paid	(188,210)	(1,108,567)
Long term deposits - net	(454,851)	150,000
Net cash used in operating activities	<u>(54,078,635)</u>	<u>(23,768,743)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,170,106)	(13,115,357)
Capital work in progress	80,000	320,000
Purchase of intangibles	-	(2,750,000)
Proceeds from sale of property and equipment	3,400	5,300
Interest income received	17,237,220	10,718,881
Dividend income received	1,051,180	546,988
Investments - net	(7,141,466)	(2,995,902)
Net cash generated from / (used in) investing activities	<u>10,060,228</u>	<u>(7,270,090)</u>

	2020	2019
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>

C. CASH FLOWS FROM FINANCING ACTIVITIES

(Repayment) / Proceeds from subordinated loans	-	(8,900,000)
Repayment of liabilities against use of asset	<u>(4,066,892)</u>	<u>-</u>
Net cash used in financing activities	<u>(4,066,892)</u>	<u>(8,900,000)</u>
Net decrease in cash and cash equivalents (A+B+C)	(48,085,299)	(39,938,833)
Cash and cash equivalents at beginning of year	85,333,827	125,272,660
Cash and cash equivalents at end of year	16 <u>37,248,528</u>	<u>85,333,827</u>

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



 Chief Executive



 Chief Financial Officer



 Director

TRUST SECURITIES AND BROKERAGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 THE COMPANY AND ITS OPERATION

The Company was incorporated in Pakistan on October 19, 1993 as a Public Limited Company under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The company is listed on Pakistan Stock Exchange Limited. The Company is the Trading Right Entitlement Certificate holder of the Pakistan Stock Exchange Limited and a member of Pakistan Mercantile Exchange Limited.

The geographical location and address of company offices are as under:

- Head Office : Suite No. 401, 4th floor, Business and Finance Center, I.I Chundrigar Road, Karachi.
- Branch Offices : Suite No. 202, 2nd floor New Stock Exchange Building, I.I. Chundrigarh Road, Karachi.
2nd Floor, Associated House, Building # 1 & 2, 7-Kashmir Road, Lahore.
Room No. 607, LSE Building, Lahore.

The Company is principally engaged in brokerage of shares, stocks, equity and debt securities, commodities, forex, and other financial instruments and corporate financial services.

Further the company is also engaged in trading in equity and debt securities on its own account through ready, spot and forward counters of the stock exchange.

1.1 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

These Financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. 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 provisions and directive 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 that certain investments are stated at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Pak Rupees, which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded 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 recognized 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 amortization 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 amortization 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 establishes 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 note 2.5.1 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

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 has adopted IFRS 16 using the modified retrospective restatement approach and has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Company has recognized liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Company's incremental borrowing cost of 13.44% per annum at July 1, 2019. The lease liability is subsequently measured at amortized cost using the effective interest rate method.

	<i>June 30,</i>	<i>July 01,</i>
	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
Total lease liability recognized	<u>3,520,273</u>	<u>6,949,837</u>

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognized in the statement of financial position immediately before the date of initial application.

The right-of-use assets recognized subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The recognized right-of-use assets relate to the following type of asset:

	<i>June 30, 2020 Rupees</i>	<i>July 01, 2019 Rupees</i>
Office premises	<u>3,337,495</u>	<u>6,949,837</u>

The effect of this change in accounting policy is as follows:

Impact on Statement of Financial Position		
Increase in fixed assets - right-of-use assets	2,354,162	2,248,320
Impact on Statement of Profit or Loss		
Increase in mark-up expense - lease liability against right-of-use assets	637,328	-
Depreciation on right-of-use assets	3,612,342	-
Rent expense	(4,066,892)	-
Decrease in profit before tax	(182,778)	-

While implementing IFRS 16, the Company has used a single discount rate methodology for a portfolio of leases with similar characteristics.

2.5.2 Amendments to standards and IFRS interpretations that are not yet effective

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:

	<i>Effective from accounting period beginning on or after</i>
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
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, 2022

Amendments to IAS 16 'Property, Plant and Equipment' for proceeds before intended 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 standards 2018-2020:

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.

Depreciation is charged to statement of profit or loss using the reducing 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 statement of profit or loss as and when incurred. Major renewals and improvements are capitalized.

An item of property, plant 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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

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 Capital work in progress

Capital work-in-progress is stated at cost accumulated upto the reporting date less impairment if any. Transfer are made to relevant property, plant and equipment category as and when assets are available for their intended use.

3.3 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.

3.4 Intangible Assets

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 indefinite 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 statement of profit or loss when the asset is derecognized.

3.5 *Financial instruments*

3.5.1 *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.

3.5.2 *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 profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized or at fair value through OCI.

3.5.3 *Financial liabilities*

The Company classifies its financial liabilities in the following categories:

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

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3.5.4 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.

Investments in un-quoted equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value. However, in limited circumstances, where there is insufficient recent information is available or where there is wide range of possible fair value measurements, the cost may be an appropriate estimate of fair value.

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 impairment.

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.

3.5.5 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.

3.5.6 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 statement of 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 statement of 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 statement of 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.

3.5.7 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.

3.6 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 (ECL).

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

3.7 Advances, deposits, prepayments and other receivables

These are recognized at cost, which is the fair value of the consideration given. However, an assessment is made at each reporting date to determine whether there is an indication that assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between the recoverable amount.

Other receivables are recognized and carried at cost which is the fair value of the consideration to be received in the future for goods and services

3.8 Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at amortized cost.

3.9 Leases

3.9.1 Policy applicable before 1 July 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

The company had classified all its leases as operating lease.

Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit or loss on a straight-line basis over the period of the lease.

3.9.2 Policy applicable after 1 July 2019

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 has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

3.10 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. The company follows settlement date accounting.

3.11 Taxation

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 accounted for using the balance sheet liability method in respect of all temporary differences at the reporting date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is charged or credited in the statement of profit or loss account, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

3.12 Provisions

A provision is recognized 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 reporting date and adjusted to reflect the current best estimate.

3.13 Revenue

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

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

Dividend income is recorded when the right to receive the dividend is established.

Capital gain / (loss) on sale of securities are included in statement of profit or loss account on the date at which the transaction takes place.

3.14 Expenses

All expenses are recognized in the statement of profit or loss account on accrual basis.

3.15 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 statement of profit or 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 recognized.

3.16 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 AND EQUIPMENT

	Note	2020 Rupees	2019 Rupees
Operating fixed assets	4.1	12,989,347	13,395,292
Capital work in progress	4.2	-	80,000
		<u>12,989,347</u>	<u>13,475,292</u>

4.1 Operating fixed assets

Particular	Computers	Furniture and fittings	Vehicles	Office equipment	Total
	----- Rupees -----				
Net book value as at June 30, 2018	495,625	358,043	65,009	593,353	1,512,030
Additions	554,986	5,164,382	49,500	2,408,821	8,177,689
Transferred from CWIP	-	3,407,668	-	1,530,000	4,937,668
Disposal					
Cost	(246,882)	-	-	(18,400)	(265,282)
Accumulated Depreciation	244,795	-	-	16,407	261,202
	(2,087)	-	-	(1,993)	(4,080)
Depreciation charged	(266,987)	(561,789)	(20,427)	(378,812)	(1,228,015)
Net book value as at June 30, 2019	<u>781,537</u>	<u>8,368,304</u>	<u>94,082</u>	<u>4,151,369</u>	<u>13,395,292</u>
Additions	640,206	362,500	-	167,400	1,170,106
Disposal					
Cost	-	(14,000)	-	-	(14,000)
Accumulated Depreciation	-	11,476	-	-	11,476
	-	(2,524)	-	-	(2,524)
Depreciation charged	(295,703)	(841,205)	(18,816)	(417,802)	(1,573,527)
Net book value as at June 30, 2020	<u>1,126,040</u>	<u>7,887,075</u>	<u>75,266</u>	<u>3,900,967</u>	<u>12,989,347</u>
<u>At June 30, 2019</u>					
Cost	3,253,256	10,526,238	1,232,000	5,362,054	20,373,548
Accumulated depreciation	2,471,719	2,157,934	1,137,918	1,210,685	6,978,256
Net book value	<u>781,537</u>	<u>8,368,304</u>	<u>94,082</u>	<u>4,151,369</u>	<u>13,395,292</u>
<u>At June 30, 2020</u>					
Cost	3,893,462	10,874,738	1,232,000	5,529,454	21,529,654
Accumulated depreciation	2,767,422	2,987,663	1,156,734	1,628,486	8,540,307
Net book value	<u>1,126,040</u>	<u>7,887,074</u>	<u>75,266</u>	<u>3,900,968</u>	<u>12,989,347</u>
Rate of depreciation %	30%	10%	20%	10%	

4.2 Capital work in progress

	2020 Rupees	2019 Rupees
Opening balance	80,000	400,000
Addition during the year	250,000	4,617,668
Transferred to fixed assets	(330,000)	(4,937,668)
Closing balance	<u>-</u>	<u>80,000</u>

2020
Rupees

5 RIGHT OF USE ASSETS / LEASE

5.1 Right-of-use assets

As at July 1, 2019	6,949,837
Additions	-
Depreciation expense	(3,612,342)
	<u>(3,612,342)</u>
As at June 30, 2020	<u>3,337,495</u>

5.2 Lease Liabilities

Rental contracts are made for a fixed period subject to renewal upon mutual consent of Company and lessor. Wherever practicable the Company seeks to include extension option to provide operational flexibility. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. The future lease payments have been discounted using incremental borrowing cost as at July 1, 2019.

Set out below the carrying amount of lease liabilities and the movements during the year:

	2020 Rupees
As at July 01, 2019	6,949,837
Additions	-
Interest expense	637,328
Payments	(4,066,892)
	<u>(3,429,564)</u>
As at June 30, 2020	<u>3,520,273</u>
Current	3,520,273
Non - current	-
	<u>3,520,273</u>

Lease liabilities are payable as follows:

	<i>Minimum lease payments</i>	<i>Interest</i>	<i>Present value of minimum lease payments</i>
	----- <i>(Rupees in '000)</i> -----		
Less than one year	3,731,376	211,103	3,520,273
Between one and five years	-	-	-
	<u>3,731,376</u>	<u>211,103</u>	<u>3,520,273</u>

	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
6 INTANGIBLES			
<i>Trading Rights Entitlement Certificate (TREC)</i>			
Pakistan Stock Exchange Limited	6.1&6.2	1,280,000	1,280,000
<i>Offices</i>			
LSE Financial Services Limited (LFSL)	6.3	262,600	262,600
<i>Pakistan Mercantile Exchange Limited (PMEX) membership</i>			
Pakistan Mercantile Exchange Limited		2,500,000	2,500,000
<i>Software</i>			
	6.4	2,245,834	2,520,834
		6,288,434	6,563,434

6.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integrations) Act, 2012 (The Act), the ownership in a stock exchange has been segregated from the right to trade on the exchange. Accordingly, the company has received the equity shares of LSE Financial Services Limited (LFSL) and a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of Lahore Stock Exchange (Guarantee) Limited.

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

6.3 This represent cost of offices given by LSE Financial Services Limited with indefinite useful life. These are considered to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits.

	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
6.4 Software		
Opening net book value	2,520,834	-
Additions	-	2,750,000
Amortization charge	(275,000)	(229,166)
Closing net book value	2,245,834	2,520,834
Cost	2,750,000	2,750,000
Accumulated amortization	(504,166)	(229,166)
Net book value	2,245,834	2,520,834
Amortization rate	10%	10%

7 LONG TERM INVESTMENTS

Fair Value thorough - OCI

In shares of Un-quoted company

2020	2019	Name of securities	Note	Carrying Value	
				2020 Rupees	2019 Rupees
843,975	843,975	LSE Financial Services Ltd.	7.1 & 7.2	2,720,000	2,720,000

In shares of quoted companies

5,000	5,000	Sunshine Cotton Mills Limited		1,650	1,650
		Provision for impairment		(1,650)	(1,650)
				<u>2,720,000</u>	<u>2,720,000</u>

7.1 This represents unquoted shares of LSE Financial Services Limited received by the Company in pursuance of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

Out of total number of shares owned, 60% shares (i.e. 506,385 shares) of the said entity are held in separate CDC blocked account, to restrict the sale of these shares by the members. Where as 40% of total shares i.e. 337,590 for Rs.10 each have been credited to the Company's CDC house account and are pledged in favour of Pakistan Stock Exchange Limited.

7.2 The net asset value of shares of LSE financial service limited Rs. 22.99 per share. This is based on un-audited financial statements for the period ended March 31, 2020.

2020	2019
Rupees	Rupees

8 LONG TERM DEPOSITS

- Unsecured - Considered good

National Clearing Company of Pakistan Limited	1,400,000	1,400,000
Central Depository Company of Pakistan Limited	100,000	100,000
Pakistan Mercantile Exchange Limited	500,000	-
Utility deposits	130,000	175,149
	<u>2,130,000</u>	<u>1,675,149</u>

9 DEFERRED TAXATION

Deferred tax asset is net off of taxable / (deductible) temporary differences in respect of the followings:-

	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
Taxable temporary differences			
Accelerated tax depreciation		1,870,127	18,666
Unrealized loss on investments		256,685	-
		<u>2,126,812</u>	<u>18,666</u>
Deductible temporary differences			
Provision for doubtful debts		(3,338,162)	(17,535,946)
Assessed tax losses		(2,126,113)	(13,458,993)
Current portion of lease liability		(1,020,879)	-
Minimum tax		(2,195,250)	(508,661)
Capital loss		-	(326,869)
Alternative Corporate Tax		(2,664,752)	-
Capital gain tax		(52,797)	-
Unrealized loss on investments		-	(134,235)
		<u>(11,397,953)</u>	<u>(31,964,704)</u>
Unrecognized deferred tax		-	(31,946,038)
		<u>(9,271,141)</u>	<u>-</u>

10 SHORT TERM INVESTMENTS

At fair value through profit or loss

In shares of quoted company		8,822,700	2,259,821
In shares of unquoted company	10.1 & 10.2	30,000	30,000
		<u>8,852,700</u>	<u>2,289,821</u>

10.1 Unquoted company

Carrying amount		60,000	60,000
Accumulated impairment		(30,000)	(30,000)
		<u>30,000</u>	<u>30,000</u>

10.2 This represents investment in fully paid ordinary shares of Takaful Pakistan Limited. The break-up value is Rs. 5.82 per share based on un audited financial statements for the period ended March 31, 2020.

11 TRADE DEBTS

	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
Considered good		53,477,285	33,784,462
Considered doubtful		11,510,903	60,468,781
	11.1 & 11.2	<u>64,988,188</u>	<u>94,253,243</u>
Provision for doubtful debts	11.3 & 11.4	(11,510,903)	(60,468,781)
		<u>53,477,285</u>	<u>33,784,462</u>

9 DEFERRED TAXATION

Deferred tax asset is net off of taxable / (deductible) temporary differences in respect of the followings:-

	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
Taxable temporary differences			
Accelerated tax depreciation		1,870,127	18,666
Unrealized loss on investments		256,685	-
		<u>2,126,812</u>	<u>18,666</u>
Deductible temporary differences			
Provision for doubtful debts		(3,338,162)	(17,535,946)
Assessed tax losses		(2,126,113)	(13,458,993)
Current portion of lease liability		(1,020,879)	-
Minimum tax		(2,195,250)	(508,661)
Capital loss		-	(326,869)
Alternative Corporate Tax		(2,664,752)	-
Capital gain tax		(52,797)	-
Unrealized loss on investments		-	(134,235)
		<u>(11,397,953)</u>	<u>(31,964,704)</u>
Unrecognized deferred tax		-	(31,946,038)
		<u>(9,271,141)</u>	<u>-</u>

10 SHORT TERM INVESTMENTS

At fair value through profit or loss

In shares of quoted company		8,822,700	2,259,821
In shares of unquoted company	10.1 & 10.2	30,000	30,000
		<u>8,852,700</u>	<u>2,289,821</u>

10.1 Unquoted company

Carrying amount		60,000	60,000
Accumulated impairment		(30,000)	(30,000)
		<u>30,000</u>	<u>30,000</u>

10.2 This represents investment in fully paid ordinary shares of Takaful Pakistan Limited. The break-up value is Rs. 5.82 per share based on un audited financial statements for the period ended March 31, 2020.

	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
Considered good		53,477,285	33,784,462
Considered doubtful		11,510,903	60,468,781
	11.1 & 11.2	<u>64,988,188</u>	<u>94,253,243</u>
Provision for doubtful debts	11.3 & 11.4	(11,510,903)	(60,468,781)
		<u>53,477,285</u>	<u>33,784,462</u>

11 TRADE DEBTS

11.1 The total value of securities pertaining to clients are Rs.426.647 million (2019 : Rs.296.108 million) held in sub-accounts of the company. Securities pledged by client to the financial institutions amounting to Rs.6.38 million (2019 : Rs.7.85 million).

11.2 Aging analysis

The aging analysis of trade debts is as follows:

	Note	As on June 30, 2020	
		Amount	Amount
		-----Rupees-----	
Upto fourteen days		45,270,262	11,095,559
More than fourteen days	11.2.1	19,717,926	83,157,684
		<u>64,988,188</u>	<u>94,253,243</u>

11.2.1 Adequate provision of Rs. 11.511 million (2019 : Rs.60.469 million) has been provided in respect of amount due from customers.

11.3 The legal suit for recovery of trade debts having a book value of Rs. 2.4 million are pending with the District Court. In spite of legal proceedings, the adequate provision is made in these financial statements as a matter of prudence.

	Note	2020	2019
		Rupees	Rupees
Balance as on July 01		60,468,781	53,898,442
Provision made during the year	23	1,215,871	6,671,378
		<u>61,684,652</u>	60,569,820
Reversal of excess provision against trade debt		(43,492,031)	-
Reversal of excess provision		<u>(6,681,718)</u>	(101,039)
		<u>11,510,903</u>	<u>60,468,781</u>

11.4 Provision for doubtful debts

12. INVESTMENT IN MARGIN FINANCING

This amount is given as a Margin Financing (MF) to our clients through National Clearing Company of Pakistan Limited. This amount is secured against securities of clients held in house account. The company is financing on Financing Participation Ratio (FPR) of maximum 78% and charging markup ranging between the rate of 10% to 21.85% fixed rate.

13. INVESTMENT IN MARGIN TRADING SYSTEM - NET

This amount represents Finanee Participation Ratio (FPR) in Margin Trading System (MTS) as at June 30, 2019.

	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
14. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - Considered good			
Advances			
Advance to staff		3,639,186	4,686,090
Advance for office maintenance		229,900	-
		<u>3,869,086</u>	<u>4,686,090</u>
Deposits			
Deposit against exposure margin	14.1	70,700,000	28,816,625
Deposits against margin trading system	14.2	31,170,982	26,826,182
		<u>101,870,982</u>	<u>55,642,807</u>
Prepayments			
Short term prepayments		80,000	209,000
Other receivables			
Other receivables		25,000	40,000
PMEX Clearing House		1,723,354	-
Markup receivable against leverage products		1,248,163	1,506,878
Capital gain tax receivable		802,497	-
Retained profit future contract from NCCPL		874,272	3,050,520
		<u>4,673,286</u>	<u>4,597,398</u>
		<u>110,493,354</u>	<u>65,135,295</u>

14.1 This represents deposits with National Clearing Company of Pakistan Limited against exposure margin in respect of future and ready counter.

14.2 This represents deposits with National Clearing Company of Pakistan Limited against the exposure margin against trade and sustained losses to date on Margin Trading Services.

	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
15 TAX REFUNDS DUE FROM GOVERNMENT			
Opening tax refund		6,911,780	1,797,620
Tax paid during the year		2,330,387	5,715,272
		<u>9,242,167</u>	<u>7,512,892</u>
Provision for the year	25	(4,433,053)	(590,709)
Prior year	25	(136,749)	(10,403)
		<u>4,672,365</u>	<u>6,911,780</u>

16 CASH AND BANK BALANCES

Cash in hand		607,211	203,492
Cash at banks			
In current accounts		34,335,181	85,037,342
In saving account	16.1	2,306,136	92,993
	16.2	36,641,317	85,130,335
		<u>37,248,528</u>	<u>85,333,827</u>

16.1 Saving account carries markup which ranges from 5% to 10.5% (2019 : 2.5% to 11.28%) per annum.

2020
Rupees

2019
Rupees

16.2 Balance pertaining to :

Clients	33,863,484	62,197,215
Brokerage house	2,777,833	22,933,120
	36,641,317	85,130,335

16.3 The company has obtained a running finance facility of Rs. 50 million from a banking company to finance daily clearing obligation of Pakistan stock exchange and settlement of client trade. The facility carries markup of 1 month kibar + 2.5% per annum to be paid on quarterly basis. The facility is secured against first exclusive charge over shares amounting to Rs. 83.333 million and pledge of shares with a minimum margin of 35% on shares. The facility is fully un-availed at year end.

17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020 Number of Shares	2019 Number of Shares	Note	2020 Rupees	2019 Rupees
<u>30,000,000</u>	<u>30,000,000</u>	Ordinary shares of Rs.10 each fully paid in cash	<u>300,000,000</u>	<u>300,000,000</u>

17.1 Pattern of shareholding

Serial number	Name of shareholder	2020	
		Number of shares held	% of shares held
1	Sikander Mahmood	7,706,250	25.69%
2	Junaid Shehzad Ahmed	3,000,000	10.00%
3	Paramount Commodities (Private) Limited	2,975,645	9.92%
4	Mg Media (Pvt.) Limited	2,401,500	8.01%
5	Foresight Investment (Pakistan) (Pvt.) Limited	2,765,000	9.22%
6	Other institution not more than 5% holding	334,600	1.12%
7	Other individuals not more than 5% holding	10,817,005	36.06%
		30,000,000	100%

2020
Rupees

2019
Rupees

18 TRADE AND OTHER PAYABLES

Trade creditors	63,433,802	58,134,515
Accrued liabilities	11,550,527	1,993,301
Sindh sales tax payables	1,855,397	169,809
Employees compensated absences	1,636,473	1,816,473
Retain future profit of clients	1,360,950	2,987,180
DFC withheld exposure demand from clients	5,000,195	2,300,450
Other liabilities	4,390,085	5,307,426
	89,227,429	72,709,154

19 CONTINGENCY AND COMMITMENT

19.1 Contingency

19.1.1 The Company is defending an appeal filed with the Honorable Supreme Court of Pakistan against the order passed by the Divisional Bench of Lahore High Court in favour of the Company against defamation claim of Rs.5 million. The Company is confident of a favourable out come and accordingly no provision for the aforesaid amount has been made in these financial statements.

19.1.2 The company has received a notice from sindh revenue board (SRB) under section 23(2) of the Act, 2011 and subsequently order is passed relating to short payment of sales tax and penalty amounting to Rs. 987,546 and Rs. 49,377 respectively. However, the Company has filed an appeal against the order with commissioner of appeals, Sindh Revenue Board. The hearing is due on 1st october 2020 for which management is confident that the judgement will be passed in favour of the company. Accordingly, no provision is made in the financials.

19.2 Commitment

Commitment against unrecorded transactions executed before the year end having settlement date subsequent to year end: -

	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
For purchase of shares		<u>196,691,934</u>	<u>379,835,018</u>
For sale of shares		<u>187,124,492</u>	<u>379,504,840</u>

20 OPERATING REVENUE

Brokerage income from Pakistan Stock Exchange	92,567,021	36,527,190
Brokerage income from Pakistan Mercantile Exchange limited	2,942,863	-
Dividend income	1,051,180	546,988
	<u>96,561,064</u>	<u>37,074,178</u>

21 OPERATING AND ADMINISTRATIVE EXPENSES

Salaries, benefits and allowances		78,871,333	37,978,851
Commission and clearing house expenses		6,133,560	4,402,354
Communication expenses		1,524,348	1,331,474
Printing and stationary		1,323,692	1,809,696
Entertainment expenses		996,711	1,938,696
Travelling and lodging expenses		1,176,259	942,232
Repairs and maintenance		1,726,734	949,971
Advertisement and publicity		430,500	51,000
Electricity and utilities		1,638,008	1,838,514
Insurance expenses		73,935	-
Depreciation on owned assets	4	1,573,527	1,228,015
Amortization on right of use assets	5	3,612,342	-
Amortization	6	275,000	229,166
Internet and software maintenance charges		2,231,351	2,048,625
Charity and donation		332,000	301,000
Legal and professional charges		367,572	268,030
Fees and subscription		3,234,069	1,832,477
Rent, rates and taxes		213,207	4,261,993
Auditors remuneration	21.1	849,500	769,800
Miscellaneous expenses		1,133,812	1,236,166
		<u>107,717,460</u>	<u>63,418,060</u>

<i>Note</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
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21.1 Auditors' remuneration

Statutory audit fee	415,000	400,000
Interim review fee	210,000	200,000
Other certification charges	212,500	165,000
Out of pocket expenses	12,000	4,800
	<u>849,500</u>	<u>769,800</u>

22 FINANCE COST

Mark up on overdraft	101,754	-
Interest expense on lease liability	637,328	-
Mark up on MTS	-	1,108,567
Bank charges	86,456	63,706
	<u>825,538</u>	<u>1,172,273</u>

23 OTHER CHARGES

Provision for doubtful debts	11.4	<u>1,215,871</u>	<u>6,671,378</u>
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24 OTHER INCOME - Net

Income from financial assets

Interest on saving account		3,256,603	259,172
Interest income on exposure deposited		7,211,380	4,432,021
Interest income on margin financing		6,510,522	7,534,566
Reversal of provision for doubtful debts	11.4	6,681,718	101,039
		<u>23,660,223</u>	<u>12,326,798</u>

Income from other than financial assets

Gain on sale of fixed assets		876	1,220
Others		8,125,313	4,063,424
		<u>31,786,412</u>	<u>16,391,442</u>

25 TAXATION

Current		4,433,053	590,709
Prior year tax		136,749	10,403
Deferred taxation		(9,271,141)	-
		<u>(4,701,339)</u>	<u>601,112</u>

25.1 Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2019. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

25.2 Due to the brought forward tax losses, provision for current income tax is based on section 113(C) of the Income Tax Ordinance, 2001. Accordingly tax expense reconciliation with the accounting profit is not reported.

	2020	2019
26 EARNING PER SHARE		
<i>- Basic and Diluted</i>		
Profit / (loss) attributable to ordinary shareholders	Rs. 34,890,614	(23,436,448)
Weighted average number of ordinary shares in issue	30,000,000	30,000,000
Earning / (loss) per share - basic and diluted	Re. 1.16	(0.78)
	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Assets and Liabilities

Financial assets

Long term deposits	2,130,000	1,675,149
Investments	11,572,700	5,009,821
Trade debts	53,477,285	33,784,462
Deposits and other receivables	106,544,268	60,240,205
Investment in margin financing	46,397,969	19,960,193
Investment in margin trading system - net	-	5,100,203
Cash and bank balances	37,248,528	85,333,827
	257,370,750	211,103,860

Financial Liabilities

Trade and other payables	85,735,559	70,722,872
	85,735,559	70,722,872

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.

27.1 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.

Exposure to credit risk

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

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

	<i>Note</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
Long term investments	7	2,720,000	2,720,000
Long term deposits	8	2,130,000	1,675,149
Short term investments	10	8,852,700	2,289,821
Trade debts	11	53,477,285	33,784,462
Deposits and other receivables	14	106,544,268	60,240,205
Investment in margin financing	12	46,397,969	19,960,193
Investment in margin trading system - net	13	-	5,100,203
Cash at banks	16	37,248,528	85,333,827
		<u>257,370,750</u>	<u>211,103,860</u>

Trade debts

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors.

All the trade debtors at the reporting date represent domestic parties.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

<i>Bank</i>	<i>Rating agency</i>	<i>Ratings</i>	
		<i>Short term</i>	<i>Long term</i>
<i>Private sector commercial banks</i>			
Bank Alfalah Limited	PACRA	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
JS Bank Limited	PACRA	A1+	AA-
Habib Bank Limited	JCRVIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
BankIslami Pakistan Limited	PACRA	A1	A+
<i>Islamic Bank</i>			
Albaraka Bank (Pakistan) Limited	PACRA	A1	A

27.2 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 contractual maturities of financial liabilities, including estimated interest payments:-

	2020			
	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Upto one year</i>	<i>More than one year</i>
	----- Rupees -----			
<i>Financial liabilities</i>				
Trade and other payables	85,735,559	85,735,559	85,735,559	-
	2019			
	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Upto one year</i>	<i>More than one year</i>
	----- Rupees -----			
<i>Financial liabilities</i>				
Trade and other payables	70,722,872	70,722,872	70,722,872	-

27.3 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:-

27.3.1 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.

27.3.2 Interest / mark up rate risk

Financial assets and liabilities include balances of Rs. 2.306 million (2019 : Rs. 0.093 million) which are subject to interest rate risk. Applicable interest/mark-up rates for financial assets and liabilities have been indicated in respective notes.

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.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows: -

	<i>Carrying amount</i>	
	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
<i>Financial assets</i>		
Cash and bank balances	<u>2,306,136</u>	<u>92,993</u>

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.

	<i>Profit and loss 100 bp</i>	
	<i>increase</i>	<i>decrease</i>
<i>As at June 30, 2020</i>		
Cash flow sensitivity - Variable rate financial instruments	<u>230,614</u>	<u>(230,614)</u>
<i>As at June 30, 2019</i>		
Cash flow sensitivity - Variable rate financial instruments	<u>9,299</u>	<u>(9,299)</u>

27.3.3 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 is exposed to equity price risk since it has investments in quoted equity securities at the reporting date amounting to Rs. 8.823 million (2019 : Rs. 2.26 million).

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 reporting 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 of the quoted securities 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.

	<i>Fair Value</i>	<i>Hypothetical price change</i>	<i>Estimated fair value after hypothetical change in prices</i>	<i>Hypothetical increase (decrease) in Shareholders' Equity</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
<i>June 30, 2020</i>	8,822,700	10% increase	9,704,970	882,270
		10% decrease	7,940,430	(882,270)
<i>June 30, 2019</i>	2,259,821	10% increase	2,485,803	225,982
		10% decrease	2,033,839	(225,982)

27.3.4 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.

27.3.5 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).

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	----- Rupees -----		
June 30, 2020			
Investments at fair value through OCI	-	-	2,720,000
Investments at fair value through Profit or loss	8,822,700	-	60,000
June 30, 2019			
Investments at fair value through OCI	-	-	2,720,000
Investments at fair value through Profit or loss	2,259,821	-	60,000

28 CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes during the financial year ended June 30, 2020.

The Company does not obtained any financing facility and working with 100% equity financing, therefore, no gearing is identified.

	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>

28.1 Capital adequacy level

The capital adequacy level of the company is as follows:

Total assets	297,878,618	242,949,456
Less: Total Liabilities	(92,747,702)	(72,709,154)
Less: Revaluation reserves (created upon revaluation of fixed assets)	-	-
Capital adequacy level	205,130,916	170,240,302

28.1.1 While determining the value of total assets of TREC holder, notional value of TRE certificate held by such participant as at year ended June 30, 2020 as determined by the Pakistan Stock Exchange Limited - PSX has been considered.

28.1.2 The TREC certificate is carried at historical cost.

	<i>Note</i>	<i>2020 Rupees</i>
28.2 Net capital balance		
<i>Current Assets</i>		
Cash in hand	16	607,211
Cash at bank		
Balance pertaining to brokerage house	16.2	2,777,833
Balance pertaining to clients	16.2	33,863,484
		36,641,317
		37,248,528
Margin deposited with NCCPL	14	101,870,982
Receivable against margin financing	12	46,397,969
Trade Receivables		
Book value	11	64,988,188
Less: Overdue for more than 14 days	11.2	(19,717,926)
		45,270,262
Other receivables	28.2.1	3,845,789
Investment in listed securities		
Securities on the exposure list marked to market	10	8,822,700
Less: 15% discount	28.2.2	1,323,405
		10,146,105
Securities purchased for client where payment has not been received in 14 days		8,207,023
Total Current Assets		252,986,658
<i>Current Liabilities</i>		
Trade Payables		
Book value	18	63,433,802
Less: Overdue for more than 30 days		(16,627,752)
		46,806,050
Other liabilities	28.2.3	45,941,652
Total Current Liabilities		92,747,702
NET CAPITAL BALANCE		160,238,956
28.2.1 Receivable from PMEX		1,723,354
Markup receivable against leverage products		1,248,163
Retained profit future contract from NCCPL		874,272
		3,845,789
28.2.2 This represents 15% discount on investment as per net capital balance guidelines.		
28.2.3 Retirement benefits		1,636,473
Accrued and other liabilities		24,157,154
Current portion of lease obligation		3,520,273
Trade payables which are over due for more than 30 days		16,627,752
		45,941,652

28.3 Liquid capital

<i>S/No.</i>	<i>Head of Account</i>	<i>Value in Pak Rupees</i>	<i>Hair Cut / Adjustments</i>	<i>Net Adjusted Value</i>
1. Assets				
1.1	Property & Equipment and Right of Use Asset	16,326,842	16,326,842	-
1.2	Intangible Assets and Deferred tax	15,559,575	15,559,575	-
1.3	Investment in Govt. Securities (150,000*99)			
1.4	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-		-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-		-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-		-
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.	8,822,700	1,351,191	7,471,509
	ii. If unlisted, 100% of carrying value.	2,750,000	2,750,000	-
	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)			

<i>S/No.</i>	<i>Head of Account</i>	<i>Value in Pak Rupees</i>	<i>Hair Cut / Adjustments</i>	<i>Net Adjusted Value</i>
1.6	Investment in subsidiaries	-		-
1.7	Investment in associated			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-		-
	ii. If unlisted, 100% of net value.	-		-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	2,000,000	2,000,000	-
1.9	Margin deposits with exchange and clearing house.	101,870,982	-	101,870,982
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	5,112,265	5,112,265	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)			
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties.			
1.13	Dividends receivables.			
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)			
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	3,639,186	-	3,639,186
	ii. Receivables other than trade receivables	25,000	25,000	-
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.	3,693,286	-	3,693,286
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 finance (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>	46,397,969	42,479,890	42,479,890
1.17	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>			

<i>S/No.</i>	<i>Head of Account</i>	<i>Value in Pak Rupees</i>	<i>Hair Cut / Adjustments</i>	<i>Net Adjusted Value</i>
1.17	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	33,865,438	-	33,865,438
	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	29,889,610	17,527,177	17,527,177
	vi. 100% haircut in the case of amount receivable form related parties.	2,188,139	2,188,139	-
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	2,777,833	-	2,777,833
	ii. Bank balance-customer accounts	33,863,484	-	33,863,484
	iii. Cash in hand	607,211	-	607,211
1.19	Total Assets	309,389,520	105,320,079	247,795,996

2. Liabilities

2.1	Trade Payables			
	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products			
	iii. Payable to customers	63,433,802	-	63,433,802
2.2	Current Liabilities			
	i. Statutory and regulatory dues	1,855,397	-	1,855,397
	ii. Accruals and other payables	23,938,230	-	23,938,230
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans			-
	v. Current portion of long term liabilities	3,520,273		3,520,273
	vi. Deferred Liabilities			-
	vii. Provision for bad debts	11,510,903	11,510,903	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-

<i>S/No.</i>	<i>Head of Account</i>	<i>Value in Pak Rupees</i>	<i>Hair Cut / Adjustments</i>	<i>Net Adjusted Value</i>
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			
	iii. Advance against shares for Increase in 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 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	104,258,605	11,510,903	92,747,702

<i>S/No.</i>	<i>Head of Account</i>	<i>Value in Pak Rupees</i>	<i>Hair Cut / Adjustments</i>	<i>Net Adjusted Value</i>
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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.	43,678,131	36,212,159	7,465,972
3.2	Concentration in securities lending and borrowing The amount by which the aggregate of:			
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 (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.			

<i>S/No.</i>	<i>Head of Account</i>	<i>Value in Pak Rupees</i>	<i>Hair Cut / Adjustments</i>	<i>Net Adjusted Value</i>
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.	8,822,700	8,128,645	694,055
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.	9,298,247	1,200,000	8,098,247
	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. In case 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.			
	ii. In case of proprietary 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	-	-	-
		61,799,078	45,540,804	16,258,274

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.19)	247,795,996
(ii) Less: Adjusted value of liabilities (serial number 2.5)	(92,747,702)
(iii) Less: Total ranking liabilities (series number 3.11)	(16,258,274)
	138,790,020

29 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the Company, key management employees and chief executive officer. The Company continues to have a policy whereby all transactions with related parties undertakings are entered into at commercial terms and conditions.

Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in this financial statement, are as under:

<i>Relationship with party</i>	<i>Transactions with</i>	<i>Nature of Transactions</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
Chief Executive Officer	Abdul Basit	Commission paid	246,551	-
Shareholder	Paramount Commodities (Private) Limited	Trade Payable	3,651,932	15,469,602
		The maximum aggregate amount outstanding during the year was Rs.65,538,426 Brokerage commission earned	1,739,232	990,540
Shareholder	MG Media (Private) Limited	Trade receivables	5,393,095	354,409
		The maximum aggregate amount outstanding during the year was Rs.6,178,358 Brokerage commission earned	218,288	135,303
Shareholder	Nash Advertising (Private) Limited	Trade receivables	-	4,037,595
		The maximum aggregate amount outstanding during the year was Rs.5,035,539 Brokerage commission earned	30,330	131,180
Shareholder	Mr. Sikandar Mehmood	Trade Payable	2,272,315	410,278
		The maximum aggregate amount outstanding during the year was Rs.16,201,329 Subordinated loans	-	(8,900,000)
		Brokerage commission earned	87,324	15,325
Common shareholding	Arabian Sea Enterprises Limited	Trade receivables	13,493,486	-
		The maximum aggregate amount outstanding during the year was Rs.179,242,480 Payable against trade of marketable securities	-	26,703,544
		Brokerage commission earned	7,997,032	410,963
Director	Mr. Junaid Shehzad Ahmed	Trade receivables	16,350	15,600
Director	Mr. Khizer Hayat	The maximum aggregate amount outstanding during the year was Rs.16,350 Trade receivables	728,160	11,615
		The maximum aggregate amount outstanding during the year was Rs.8,035,925 Brokerage commission earned	33,585	2,019
Director	Mr. Zulfqar Ali Anjum	Trade payable	17,885	61,729
		The maximum aggregate amount outstanding during the year was Rs.2,640,430 Brokerage commission earned	358,896	56,000
		Brokerage commission paid	1,696,765	-
Director	Mr. Muhammad Talha Razi	Trade payable	22,374	26,181
		The maximum aggregate amount outstanding during the year was Rs.295,613 Brokerage commission earned	2,384	5,745
Close family member of Director	Mrs. Mehreen Khurram	Trade receivables	400,882	612,339
		The maximum aggregate amount outstanding during the year was Rs.6,260,660 Brokerage commission earned	69,798	24,135

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including certain benefits to Directors, Chief Executive and Executives of the Company, are as follows:

	<i>Chief Executives</i>		<i>Directors</i>		<i>Other Executives</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	----- <i>Rupees</i> -----					
Managerial remuneration	1,349,874	1,699,820	672,000	1,254,000	13,730,000	9,180,000
Commission paid to	246,551	-	1,696,765	810,131	11,977,391	2,566,261
Brokerage commission	73,022	-	358,896	70,431	3,150,236	-
Other expenses incurred	-	172,800	-	68,730	-	-
	1,669,447	1,872,620	2,727,661	2,203,292	28,857,627	11,746,261
Number of persons	*2	2	1	2	9	6

30.1 The chief executive has been provided with the free use of company maintained vehicle in accordance with the company's policy.

*During the year i.e. July 2019 - June 2020, there was a change in Chief Executive Officer of the Company. The new Chief Executive Officer was appointed w.e.f. October 1, 2019.

31 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, portfolio management, investment advisory, consultancy and underwriting services.

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

32 NUMBER OF EMPLOYEES

	<i>2020</i>	<i>2019</i>
As at June 30	<u>52</u>	<u>59</u>
Average employees	<u>50</u>	<u>55</u>

33 *DATE OF AUTHORIZATION OF ISSUE*

These financial statements were authorized for issue by the Board of Directors of the Company on September 25, 2020.

34 *GENERAL*

Figures have been rounded off to the nearest rupee.



Chief Executive



Chief Financial Officer



Director

FORM OF PROXY

Annual General Meeting

I/We _____ of _____
being member of **TRUST SECURITIES & BROKERAGE LIMITED**, holder of _____
Ordinary Shares as per Registered Folio/CDC Participant I.D. No. _____ holding
Computerized National Identity Card (CNIC)/Passport No. _____ hereby appoint
Mr./Mrs./Miss. _____ of _____ or failing him/her
hereby appoint Mr./Mrs./Miss. _____ of _____ who
is also a member of the **TRUST SECURITIES & BROKERAGE LIMITED** vide Registered Folio/CDC
Participant I.D. No. _____ as my proxy to vote for me and on my behalf at the Annual General
Meeting of the Shareholders of **TRUST SECURITIES & BROKERAGE LIMITED** to be held on **October
27, 2020 at 02:45 P.M.** at the Registered Office of the Company situated at 401, 4th Floor, Business &
Finance Centre, I.I. Chundrigar Road, Karachi and any adjournment thereof or any ballot to be taken in
consequence thereof.

CDC Account No.

Revenue Stamp
of Rs. 5/-

Signed this _____ day of _____ 2020

SIGNATURE
(As registered with the Company)

WITNESSES

1. Signature _____
Name _____
Address _____

CNIC No. _____

2. Signature _____
Name _____
Address _____

CNIC No. _____

Notes:

1. This Proxy Form, duly completed and signed, must be received of the Registered Office of the Company, not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.
2. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC of the appointer and the proxy-holder shall be furnished with the Proxy Form.
4. The Proxy-holder shall produce his/her original CNIC at the time of the meeting.
5. In case of corporation entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted along with Proxy Form.