IGI FINEX SECURITIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of IGI Finex Securities Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **IGI Finex Securities Limited** (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes 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 December 31, 2019 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the 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.

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Report on Other Legal and Regulatory Requirements

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

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

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

c) the Company was in compliance with the requirements of section 78 of the Securities Act, 2015 and 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 statement of financial position was prepared.

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

e) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

AFFerguson & Co.

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: March 27, 2020

IGI FINEX SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Note	2019	2018
		Rupees	
ASSETS			
Non-current assets			
Fixed assets			
- Property and equipment	4	19,758,317	24,008,214
- Intangible assets	5	16,350,577	11,364,228
Investments	6	20,004,853	21,752,072
Long term deposits	7	15,429,664	17,354,664
Deferred tax asset - net	8	62,974,832	57,428,382
		134,518,243	131,907,560
Current assets			
Trade receivables - net	9	123,411,545	58,409,479
Advances	10	1,658,532	1,206,403
Deposits and prepayments	11	129,798,790	159,672,273
Accrued mark-up - net	12	8,783,359	5,733,169
Other receivables	13	2,076,579	1,842,350
Taxation recoverable		68,048,316	63,331,032
Bank balances	14	388,157,249	213,136,036
		721,934,370	503,330,742
TOTAL ASSETS		856,452,613	635,238,302
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
60,000,000 ordinary shares of Rs. 10 each (2018: 60,000,000 ordinary shares of Rs. 10 each)		600,000,000	600,000,000
Issued, subscribed and paid-up share capital	15	520,000,000	520,000,000
Surplus on remeasurement of financial assets	16	20,004,453	21,751,672
Advance against issue of preference shares	17	550,000,000	550,000,000
Accumulated losses		(813,252,285)	(826,321,616)
Total equity		276,752,168	265,430,056
Non-current liabilities			
Lease liability against right-of-use asset	2.2.2	538,470	-
Current liabilities			
Trade and other payables	18	578,769,254	369,808,246
Current portion of lease liability against right-of-use asset	2.2.2	392,721	-
		579,161,975	369,808,246
Total liabilities		579,700,445	369,808,246
TOTAL EQUITY AND LIABILITIES		856,452,613	635,238,302
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

IGI FINEX SECURITIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		Rupees	
Operating revenue	20	97,163,346	88,498,396
Other operating revenue	21	34,837,966	22,301,547
Total operating income		132,001,312	110,799,943
Administrative and operating expenses	22	(121,974,812)	(133,439,944)
Financial charges		(714,885)	(589,071)
Total operating expenses		(122,689,697)	(134,029,015)
Other income	23	201,915	278,891
Other expenses	24	-	(334,400)
Reversal of provision / (provision) against trade receivables - net	9.2	8,376	(404,516)
Profit / (loss) before taxation		9,521,906	(23,689,097)
Taxation	26	3,547,425	(5,765,789)
Profit / (loss) after taxation		13,069,331	(29,454,886)
Earnings / (loss) per share - basic and diluted	27	0.25	(0.57)

The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

IGI FINEX SECURITIES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
	Rupees	
Profit / (loss) after taxation	13,069,331	(29,454,886)
Other comprehensive loss		
Items that may be reclassified to statement of profit or loss subsequently		
Unrealised loss on remeasurement of financial assets classified as 'available for sale'	-	(14,154,475)
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised loss on remeasurement of financial assets classified as 'fair value through other comprehensive income'	(1,747,219)	-
Total comprehensive income / (loss) for the year	11,322,112	(43,609,361)

The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

IGI FINEX SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

	Issued, subscribed and paid-up share capital	Advance against issue of preference shares	Capital reserve		Revenue reserve	Total
			Surplus on remeasurement of available-for-sale investments	Surplus on remeasurement of financial assets at fair value through other comprehensive income	Accumulated losses	
	(Rupees)					
Balance as at January 1, 2018	520,000,000	650,000,000	35,906,147	-	(796,866,730)	409,039,417
Total comprehensive loss for the year:						
Loss after taxation for year ended December 31, 2018	-	-	-	-	(29,454,886)	(29,454,886)
Other comprehensive loss	-	-	(14,154,475)	-	-	(14,154,475)
	-	-	(14,154,475)	-	(29,454,886)	(43,609,361)
Repayment of advance against preference shares (note 17)	-	(100,000,000)	-	-	-	(100,000,000)
Balance as at December 31, 2018	520,000,000	550,000,000	21,751,672	-	(826,321,616)	265,430,056
Impact on adoption of IFRS 9 (note 2.2.1)	-	-	(21,751,672)	21,751,672	-	-
Balance as at January 1, 2019	520,000,000	550,000,000	-	21,751,672	(826,321,616)	265,430,056
Total comprehensive income for the year:						
Profit after taxation for the year ended December 31, 2019	-	-	-	-	13,069,331	13,069,331
Other comprehensive loss	-	-	-	(1,747,219)	-	(1,747,219)
	-	-	-	(1,747,219)	13,069,331	11,322,112
Balance as at December 31, 2019	520,000,000	550,000,000	-	20,004,453	(813,252,285)	276,752,168

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

IGI FINEX SECURITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		9,521,906	(23,689,097)
Adjustments for non-cash items			
Depreciation	4	6,385,415	6,226,718
Amortisation	5	662,374	123,392
(Gain) / loss on disposal of property and equipment	23 & 24	(150,910)	184,400
(Reversal of provision) / provision against trade receivables - net	9.2	(8,376)	404,516
Dividend income	21	(1,758)	(83,312)
Profit on savings accounts	21	(17,201,454)	(10,017,462)
Income on deposit with Pakistan Stock Exchange Limited / NCCPL	21	(15,138,752)	(8,476,327)
Income on deposit with Pakistan Mercantile Exchange Limited	21	-	(19,555)
Income on loan to Holding Company	21	-	(1,629,777)
Income on base minimum capital deposit	21	(322,861)	-
Income from MTS exposure	21	(107,115)	8,315
Financial charges		714,885	589,071
		(25,168,552)	(12,690,021)
		(15,646,646)	(36,379,118)
Changes in working capital			
(Increase) / decrease in current assets			
Trade receivable - net		(64,993,690)	32,963,856
Advances		(452,129)	1,294,385
Deposits and prepayments		29,873,483	80,192,344
Other receivables		(234,229)	3,973,969
		(35,806,565)	118,424,554
Increase / (decrease) in current liabilities			
Trade and other payables		208,568,287	(116,950,187)
Current portion of lease liability against right-of-use asset		392,721	-
Finance cost paid		(598,031)	(589,071)
Income tax paid		(6,716,309)	(14,278,100)
Rentals paid against lease liability		(402,633)	-
Net cash generated from / (used in) operating activities		149,790,824	(49,771,922)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property and equipment		(1,010,035)	(6,130,463)
Payment for purchase of intangible assets		(5,648,723)	-
Proceeds on disposal of property and equipment		242,397	292,372
Long-term deposits		1,925,000	(10,400,000)
Dividend received		1,758	83,312
Receipts from loan to Holding Company		-	69,859,738
Profit / income received on savings accounts, deposits and loan		29,719,992	36,669,863
Net cash generated from investing activities		25,230,389	90,374,822
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of advance against preference shares		-	(100,000,000)
Net cash used in financing activities		-	(100,000,000)
Net increase / (decrease) in cash and cash equivalents		175,021,213	(59,397,100)
Cash and cash equivalents at the beginning of the year		213,136,036	272,533,136
Cash and cash equivalents at the end of the year	14	388,157,249	213,136,036

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

IGI FINEX SECURITIES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 IGI Finex Securities Limited (the Company) was incorporated in Pakistan on June 28, 1994 as a public limited company under the Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office of the Company is situated at Suite No. 701-713, 7th Floor, the Forum, G-20, Khayaban-e-Jami, Block-9, Clifton, Karachi. The Company has a Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited and is a corporate member of Pakistan Mercantile Exchange Limited.

The principal activities of the Company include shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services.

The Company is a wholly owned subsidiary of IGI Holdings Limited (the Holding Company).

1.2 The geographical locations and addresses of the Company's branches are as under:

- Corporate Office, Suite 701-713, 7th floor, the Forum, Khayaban-e-Jami, Clifton, Block 9, Karachi-75600.
- Room # 134, 3rd Floor, Stock Exchange Building, Stock Exchange Road, Karachi.
- Shop # G-009, Ground Floor, Packages Mall, Lahore.
- 3rd Floor, 85 East, F/7-G/7 Kamran Centre, Jinnah Avenue, Blue Area, Islamabad.
- Room # 515 - 516, 5th Floor, State Life Building, 2 – Liaqat Road, Faisalabad.
- Basement of Khalid Market, Building # 12, Town Hall Road, Rahim Yar Khan.
- Ground Floor, Al-Fatah Shopping Centre, Opposite Radio Station, Mansehra Road, Abbottabad.
- Mezzanine Floor, Abdali Towers, Abdali Road, Multan.

2 BASIS OF PREPARATION AND MEASUREMENT

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Standards, amendments and interpretations to accounting and reporting standards that are effective in the current year:

There are certain new standards, interpretations and amendments to accounting and reporting standards which are applicable for the first time on the Company's accounting periods beginning on or after January 1, 2019.

2.2.1 Effective from January 1, 2019, the Company has adopted IFRS 9, 'Financial instruments' which has replaced IAS 39, 'Financial instruments: recognition and measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL have an impact on the assets of the Company which are exposed to credit risk. However, majority of the assets of the Company that are exposed to credit risk pertain to bank balances, deposits, advances and accrued mark-up which have high credit rating.

The Company also has trade receivables that are exposed to credit risk but these receivables are largely secured against the shares held by the Company on behalf of the Customer. Therefore, the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

The Company has made investment in equity securities which are required to be measured at fair value, with gains and losses recognised in the statement of profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The Company has made an irrevocable election on initial recognition, on an instrument-by-instrument basis, to present changes in fair value in other comprehensive income rather than in the statement of profit or loss.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the financial statements of the Company.

All

Classification and measurement of financial instruments

The measurement category and the carrying amounts of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at January 1, 2019 are compared as follows:

	IAS 39		IFRS 9	
	Measurement category	Carrying amount	Measurement category	Carrying amount
Financial assets	Rupees		Rupees	
	- Loans and receivables		*- At amortised cost*	
Long term deposits	Amortised cost	17,354,664	Amortised cost	17,354,664
Trade receivables - net	Amortised cost	58,409,479	Amortised cost	58,409,479
Deposits	Amortised cost	158,037,290	Amortised cost	158,037,290
Accrued mark-up - net	Amortised cost	5,733,169	Amortised cost	5,733,169
Other receivables	Amortised cost	1,842,350	Amortised cost	1,842,350
Bank balances	Amortised cost	213,136,036	Amortised cost	213,136,036
		454,512,988		454,512,988

Consequently, on adoption of IFRS 9 all investments in equity instruments which were previously classified as "available for sale" have been designated as fair value through other comprehensive income. The Company has adopted modified retrospective approach for adopting IFRS 9 and accordingly, all changes arising on adoption of IFRS 9 have been adjusted at the beginning of the current year.

	As at December 31, 2018 (as previously stated)	Change	As at January 1, 2019
	Rupees		
Impact on statement of financial position			
Investments - 'Available for sale'	21,752,072	(21,752,072)	-
Investments - 'At fair value through other comprehensive income'	-	21,752,072	21,752,072
Impact on statement of changes in equity			
Surplus on remeasurement of available for sale investments	21,751,672	(21,751,672)	-
Surplus on remeasurement of financial assets at fair value through other comprehensive income	-	21,751,672	21,751,672

There is no impact on the statement of profit or loss, statement of profit or loss and other comprehensive income and statement of cash flows due to adoption of IFRS 9.

2.2.2 Effective from January 1, 2019, the Company has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases - Incentive and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. During the year the Company has changed its accounting policy with respect to leases in accordance with IFRS 16 - "Leases".

The Company has adopted IFRS 16 from January 1, 2019 using the modified retrospective restatement approach and has not restated comparatives numbers for 2019 reporting period, as permitted under the specific transitional provisions in the standard.

Impact on adoption of IFRS 16

On adoption of IFRS 16, the Company has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17 except for certain short term leases in accordance with IFRS 16. These liabilities were initially measured at the present value of the remaining lease payments, discounted using the Company's incremental weighted average borrowing rate of 12.80% per annum as of January 1, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method. The adoption of IFRS 16 had no impact on the prior year balances as all the leases of the Company entered in prior years were short term in nature. The current year impact of IFRS 16 mainly represents effect of a long term rental arrangement entered into during the current year.

	2019 (Rupees)
Total lease liability recognised	931,191

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The right-of-use assets recognised 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 recognised right-of-use assets relate to the following type of asset:	2019 (Rupees)
Rented premises	845,118

The effects of this change in accounting policy are as follows:

Impact on statement of financial position	
Increase in right-of-use assets	845,118
Increase in lease liability against right-of-use asset:	
Non - current portion	(538,470)
Current portion	(392,721)
Decrease in net assets	(86,073)
Impact on statement of profit or loss	
Increase in finance costs	(116,854)
(Increase) / decrease in administrative & operating expenses:	
- Depreciation on right-of-use assets	(371,852)
- Rent and rates	402,633
Decrease in profit	(86,073)

Earnings per share for the ended December 31, 2019 has been decreased Rs. 0.002 per share as a result of the adoption of IFRS 16.

Practical expedients applied:

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard.

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on the previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- The election for not to re-asses whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its arrangement made applying IAS 17 and IFRIC 4.

2.2.3 There are certain other standards, amendments and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

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

Standard, Interpretation or amendment	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 01, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	January 01, 2020
- IFRS 9 - 'Financial Instruments (amendments)	January 01, 2020

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The management is currently in the process of assessing the impact of these amendments on the financial statements of the Company.

There are certain other new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2020 but are not considered to be relevant or will not have any significant effect on the Company's operations and, therefore, not detailed in these financial statements.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments have been marked to market and are carried at fair value.

2.5 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.6 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Determination and measurement of useful life and residual value of property and equipment (notes 3.1.1,3.2 and 4);

ii) Amortisation of intangible assets (notes 3.1.2 and 5);

iii) Classification and valuation of investments (notes 3.3, 3.4 and 6);

iv) Provision against doubtful debts, accrued mark-up and other receivables (notes 3.6, 3.8, 9, 12 and 13); and

v) Income taxes (notes 3.9, 8 and 26).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except for the changes as disclosed in note 2.2 to these financial statements.

3.1 Fixed assets

3.1.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress which is stated at cost less accumulated impairment losses, if any. The cost of an item of property and equipment comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Depreciation on all fixed assets is calculated using the straight line method in accordance with the rates specified in note 4 to these financial statements after taking into account residual values, if significant. The assets' residual values, useful lives and depreciation method are reviewed and adjusted, if significant, at each reporting date.

Depreciation on additions is charged from the date the asset is available for use. For any disposal, depreciation is charged till the date of disposal.

Normal repairs and maintenance are charged to statement of profit or loss as and when incurred. Gains and losses on disposals of assets, if any, are included in the statement of profit or loss.

Gains or losses arising from derecognition of property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

3.1.2 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method taking into account residual value, if significant, at the rates specified in note 5 to these financial statements. Amortisation 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, assets residual value and amortisation method are reviewed and adjusted, if significant, 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 amortised. 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 recognised in the statement of profit or loss when the asset is derecognised.

3.2 Right-of-use assets and their related lease liability

3.2.1 Right-of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which leases are entered into. No depreciation is charged in month in which the leases mature or are terminated.

3.2.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also measured to reflect any remeasurement or change in lease terms. These remeasurement of lease liabilities are recognised as an adjustment to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the statement of profit or loss as financial charges over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3.3 Financial Instruments under IAS 39 (For determining classification and measurement as at and for the year ended December 31, 2018)

3.3.1 Financial assets

3.3.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement" at the time of purchase / initial recognition of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Company are categorised as follows:

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a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified in 'financial assets at fair value through profit or loss' category. The Company did not have any financial assets in this category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's assets under the loans and receivables category comprise of trade receivables, advances, deposits, bank balances and other receivables in the statement of financial position.

c) Held-to-maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Company has the positive intent and ability to hold till maturity. Currently, the Company did not have any financial assets in this category.

d) Available-for-sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available-for-sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as 'available for sale' or are not classified as (a) loans and receivables; (b) held-to-maturity; or (c) financial assets at fair value through profit or loss. The Company's investments have been classified as available for sale.

3.3.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the statement of profit or loss.

3.3.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial assets at fair value through profit or loss' and 'available for sale'

'Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the statement of profit or loss in the period in which these arise.

Available for sale' financial assets are marked to market using the closing market rates and are carried on the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income till the time these are sold. At that time the cumulative gain / loss previously recognised in the 'other comprehensive income' is taken to the statement of profit or loss.

b) 'Loans and receivables' and 'held to maturity'

Loans and receivables and held to maturity financial assets are carried at amortised cost.

3.3.1.4 Impairment

The Company assesses at each balance sheet date whether there is an objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of an equity instrument below its cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets, if any, is taken to the statement of profit or loss.

3.3.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.3.1.6 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

3.3.1.7 Derecognition

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the statement of profit or loss.

3.3.1.8 Advances and deposits

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the statement of financial position date. Balances considered bad and irrecoverable are written off when identified.

3.3.1.9 Trade and other receivables

Trade and other receivables are carried at original invoice amount less an estimate for doubtful balances which is determined based on review of outstanding amounts and previous repayment pattern. Balances considered bad and irrecoverable are written off when identified.

3.4 Financial Instruments under IFRS 9 (Effective from January 1, 2019)

3.4.1 Financial assets

3.4.1.1 Classification and subsequent measurement

The Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL).

The classification requirements for debt and equity instruments are described below:

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and puttable instruments like units of open-ended mutual funds.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments in one of the following three measurement categories:

a) At amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.4.1.2.

b) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, recognised and measured as described in note 3.4.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income (OCI) is reclassified from surplus on remeasurement of financial assets to the statement of profit or loss.

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c) **Fair value through profit or loss (FVPL)**

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit or loss in the period in which it arises.

(ii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the statement of financial position at fair value, with gains and losses recognised in the statement of profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI.

The dividend income for equity securities classified under FVOCI are to be recognised in the statement of profit or loss. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognised in other comprehensive income and is not recycled to the statement of profit or loss on derecognition.

3.4.1.2 Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.4.1.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

(i) the Company transfers substantially all the risks and rewards of ownership; or

(ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

3.4.1.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.4.2 Financial liabilities

Financial liabilities are subsequently measured at amortised cost.

3.4.2.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the statement of profit or loss.

3.4.3 Initial recognition

Financial assets and financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the statement of profit or loss.

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3.4.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.5 Securities under repurchase / resale agreement

Transactions of sale under repurchase (repo) of securities are entered into at contracted rates for specified periods of time. These securities are not derecognised from the financial statements and are continued to be recognised as investments and measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as interest / mark-up expense and accrued over the life of the repo agreement.

Transactions of purchase under resale (reverse-repo) of securities are entered into at contracted rates for specified periods of time. These securities are not recognised in the statement of financial position as investments, as the Company does not obtain control over the assets. Amounts paid under these arrangements are included in the statement of financial position as receivable against reverse repurchase transactions. The difference between purchase and resale price is treated as income from the date of reverse repurchase transaction and accrued over the life of the reverse-repo agreement.

All purchases and sales of securities that require delivery within the time frame established by the regulations or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the asset.

3.6 Trade receivables and other receivables

Trade receivables are recognised initially at invoice value and subsequently measured at cost, less expected credit loss allowance as discussed in note 3.4.1.2.

3.7 Trade and other payables

Liabilities for trade and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services, whether or not billed to the Company.

3.8 Provisions

Provisions are recognised when the Company has a present obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.9 Taxation

3.9.1 Current

Provision for current taxation is based on taxability of certain income streams of the Company under minimum tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under normal tax regime after taking into account tax credits and rebates available, if any, or on turnover at the specified rate or Alternate Corporate Tax as defined in section 113C of Income Tax Ordinance, 2001, whichever is higher. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the current year.

3.9.2 Deferred

Deferred tax is recognised using the balance sheet method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes.

Deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax asset is reviewed at each reporting date and suitable adjustments are made to that extent.

Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they will be reversed, based on the tax rates that have been enacted or substantively enacted at the reporting date.

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3.10 Revenue recognition

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable on the following basis:

- Brokerage, consultancy and advisory fee and commission income are recognised as and when such services are rendered;
- Income from bank balance and deposits is recognised on accrual basis;
- Dividend income is recorded when the right to receive the dividend is established;
- Gains / (losses) arising on sale of investments are included in the statement of profit or loss on the date at which transactions take place;
- Unrealised gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through other comprehensive income' are included in the statement of profit or loss and other comprehensive income in the period in which these arise.

3.11 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves, except appropriations which are required by law, made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends and transfers are approved.

3.12 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows include cash in hand, balances with banks in current and savings accounts, term deposits, short-term running finances under mark-up arrangements and other short-term highly liquid investments with original maturities of three months or less.

3.13 Earning per share (EPS)

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4 PROPERTY AND EQUIPMENT

	2019							
	Leasehold improve-ments	Furniture and fixtures	Office equipment	Communi-cation equipment	Computer equipment	Motor vehicles	Right-of-use asset	Total
	Rupees							
As at January 1, 2019								
Cost	20,493,624	1,084,728	2,341,227	2,721,262	5,450,662	27,583,587	-	59,675,090
Accumulated depreciation	(17,143,254)	(721,967)	(1,747,085)	(2,493,953)	(3,474,493)	(10,086,124)	-	(35,666,876)
Net book value	3,350,370	362,761	594,142	227,309	1,976,169	17,497,463	-	24,008,214
Year ended December 31, 2019								
Opening net book value	3,350,370	362,761	594,142	227,309	1,976,169	17,497,463	-	24,008,214
Additions	544,220	-	13,000	99,999	352,816	-	-	1,010,035
Adoption of IFRS 16 (note 2.2.2)	-	-	-	-	-	-	1,216,970	1,216,970
Disposals - (note 4.1)								
Cost	-	-	104,000	472,450	16,500	699,500	-	1,292,450
Accumulated depreciation	-	-	(104,000)	(453,716)	(13,645)	(629,602)	-	(1,200,963)
	-	-	-	18,734	2,855	69,898	-	91,487
Depreciation charge for the year	(497,255)	(82,130)	(82,432)	(74,760)	(1,328,429)	(3,950,557)	(371,852)	(6,385,415)
Closing net book value	3,397,335	280,631	524,710	233,814	999,701	13,477,008	845,118	19,758,317
As at December 31, 2019								
Cost	21,037,844	1,084,728	2,250,227	2,348,811	5,786,978	26,884,087	1,216,970	60,609,645
Accumulated depreciation	(17,640,509)	(804,097)	(1,725,517)	(2,114,997)	(4,787,277)	(13,407,079)	(371,852)	(40,851,328)
Net book value	3,397,335	280,631	524,710	233,814	999,701	13,477,008	845,118	19,758,317
Depreciation rate % per annum	10	10	10	20	33	20	33	

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	2018						
	Leasehold improve-ments	Furniture and fixtures	Office equipment	Communi-cation equipment	Computer equipment	Motor vehicles	Total
	Rupees						
As at January 1, 2018							
Cost	18,652,508	3,368,226	3,558,239	4,279,107	23,017,792	24,834,002	77,709,874
Accumulated depreciation	(16,370,144)	(2,491,244)	(3,015,839)	(3,993,151)	(20,916,048)	(6,342,207)	(53,128,633)
Net book value	2,282,364	876,982	542,400	285,956	2,101,744	18,491,795	24,581,241
Year ended December 31, 2018							
Opening net book value	2,282,364	876,982	542,400	285,956	2,101,744	18,491,795	24,581,241
Additions	1,841,116	12,500	155,400	135,000	1,193,362	2,793,085	6,130,463
Disposals - (note 4.1)							
Cost	-	2,295,998	1,372,412	1,692,845	18,760,492	43,500	24,165,247
Accumulated depreciation	-	(1,952,734)	(1,370,719)	(1,587,049)	(18,759,923)	(18,050)	(23,688,475)
	-	343,264	1,693	105,796	569	25,450	476,772
Depreciation charge for the year	(773,110)	(183,457)	(101,965)	(87,851)	(1,318,368)	(3,761,967)	(6,226,718)
Closing net book value	3,350,370	362,761	594,142	227,309	1,976,169	17,497,463	24,008,214
As at December 31, 2018							
Cost	20,493,624	1,084,728	2,341,227	2,721,262	5,450,662	27,583,587	59,675,090
Accumulated depreciation	(17,143,254)	(721,967)	(1,747,085)	(2,493,953)	(3,474,493)	(10,086,124)	(35,666,876)
Net book value	3,350,370	362,761	594,142	227,309	1,976,169	17,497,463	24,008,214
Depreciation rate % per annum	10	10	10	20	33	20	

4.1 The aggregate net book value of disposals is not in excess of Rs. 5 million.

4.2 Cost and accumulated depreciation in respect of fully depreciated assets still in use at the end of the year include Rs. 23.265 million (2018: Rs. 20.961 million).

5 INTANGIBLE ASSETS

	2019				
	Membership card (note 5.1)	Computer software	Club membership	Trading Rights Entitlement Certificates (TREC) (note 5.2)	Total
	Rupees				
As at January 1, 2019					
Cost	250,000	11,219,157	2,000,000	14,999,000	28,468,157
Accumulated amortisation / impairment	-	(11,103,929)	(2,000,000)	(4,000,000)	(17,103,929)
Net book value	250,000	115,228	-	10,999,000	11,364,228
Year ended December 31, 2019					
Opening net book value	250,000	115,228	-	10,999,000	11,364,228
Additions	-	5,648,723	-	-	5,648,723
Amortisation for the year	-	(662,374)	-	-	(662,374)
Closing net book value	250,000	5,101,577	-	10,999,000	16,350,577
As at December 31, 2019					
Cost	250,000	16,867,880	2,000,000	14,999,000	34,116,880
Accumulated amortisation / impairment	-	(11,766,303)	(2,000,000)	(4,000,000)	(17,766,303)
Net book value	250,000	5,101,577	-	10,999,000	16,350,577
Amortisation rate % per annum		10 - 33.33	50		

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	2018				
	Membership card (note 5.1)	Computer software	Club membership	Trading Rights Entitlement Certificates (TREC) (note 5.2)	Total
	Rupees				
As at January 1, 2018					
Cost	250,000	11,219,157	2,000,000	14,999,000	28,468,157
Accumulated amortisation / impairment	-	(10,980,537)	(2,000,000)	(4,000,000)	(16,980,537)
Net book value	250,000	238,620	-	10,999,000	11,487,620
Year ended December 31, 2018					
Opening net book value	250,000	238,620	-	10,999,000	11,487,620
Additions	-	-	-	-	-
Amortisation for the year	-	(123,392)	-	-	(123,392)
Closing net book value	250,000	115,228	-	10,999,000	11,364,228
As at December 31, 2018					
Cost	250,000	11,219,157	2,000,000	14,999,000	28,468,157
Accumulated amortisation / impairment	-	(11,103,929)	(2,000,000)	(4,000,000)	(17,103,929)
Net book value	250,000	115,228	-	10,999,000	11,364,228
Amortisation rate % per annum		33.33	50		

5.1 This represents membership card of Pakistan Mercantile Exchange Limited as the Company is a member of Pakistan Mercantile Exchange Limited as explained in note 1.1.

5.2 This represents Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited pursuant to the promulgation of Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012.

5.3 Cost and accumulated amortisation in respect of fully amortised intangible assets still in use at the end of the year include Rs. 12.939 million (2018: Rs. 12.869 million).

6 INVESTMENTS

	Note	2019	2018
		Rupees	
Available for sale			
- Quoted equity securities	6.1	-	21,752,072
Financial assets at 'fair value through other comprehensive income'			
- Quoted equity securities	6.1	20,004,853	-
		20,004,853	21,752,072

6.1

Company's name	Number of shares				Percentage of equity held	Carrying value	Market value	Unrealised loss on remeasurement
	As at January 1, 2019	Purchased / bonus issued during the year	Sold during the year	As at December 31, 2019				
						Rupees		
Pakistan Stock Exchange Limited	1,602,953	-	-	1,602,953	0.20%	21,752,072	20,004,853	(1,747,219)
Total as at December 31, 2019 (classified as fair value through other comprehensive income)						21,752,072	20,004,853	(1,747,219)
Total as at December 31, 2018 (classified as available for sale)						35,906,547	21,752,072	(14,154,475)

6.2 The shares of PSX were allotted to the Company pursuant to the promulgation of Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012. As at December 31, 2019, 1,602,953 shares were pledged with CDC account in order to comply with the Base Minimum Capital requirement prescribed by the PSX.

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		Note	2019	2018
7	**LONG TERM DEPOSITS**		---- Rupees ----	
	Deposits with:			
	LSE Financial Services Limited		50,000	50,000
	National Clearing Company of Pakistan Limited		1,100,000	1,550,000
	Pakistan Mercantile Exchange Limited		750,000	750,000
	NCEL Building Management (Private) Limited	7.1	2,500,000	2,500,000
	Pakistan Stock Exchange Limited	7.2	11,025,000	12,500,000
	Others		4,664	4,664
			15,429,664	17,354,664

7.1 This represents deposit given to NCEL Building Management (Private) Limited for acquiring office premises.

7.2 This represents amount deposited with Pakistan Stock Exchange Limited (PSX) on account of Base Minimum Capital prescribed by PSX. This deposit is in addition to the shares of PSX as mentioned in note 6.2 to these financial statements.

		Note	2019	2018
8	**DEFERRED TAX ASSET - NET**		---- Rupees ----	
	Deductible temporary differences arising in respect of:			
	- Unused tax losses	8.1	13,307,828	12,728,350
	- Provision for doubtful debts and other receivables	8.1	48,973,461	44,420,019
	- Provision for leave encashment		239,595	617,659
	- Accelerated tax depreciation		453,948	-
			62,974,832	57,766,028
	Taxable temporary differences arising in respect of:			
	- Accelerated tax depreciation		-	337,646
			62,974,832	57,428,382

8.1 The Company has an aggregate amount of Rs. 45.889 million (2018: Rs. 48.953 million) [including unabsorbed tax depreciation and amortisation] in respect of available tax losses as at December 31, 2019 and has an aggregate amount of Rs. 702.057 million (2018: Rs 708.686 million) in respect of deductible temporary differences arising on provisions made against doubtful receivables on the same date.

While maintaining that deferred tax on deductible differences (provision for doubtful receivables) provides an opportunity for tax planning and the Company would be able to fully utilise them in the future years, the management has taken a conservative view on the balance of deferred tax recognised as an asset against deductible temporary differences in the financial statements of the Company. The Company, nevertheless, retains the right to consider and evaluate on an ongoing basis tax planning opportunities with respect to provision write offs. Accordingly, on a conservative estimate basis, the amount of deferred tax asset recognised against available tax losses and deductible temporary differences has been limited to Rs. 62.974 million (2018: Rs. 57.428 million) during the year.

In connection with the above, the management has prepared financial projections which have been approved by the Board of Directors of the Company. These projections involve certain key assumptions underlying the estimation of future taxable profits. The determination of future taxable profits takes into account various assumptions regarding the future business, economic and market conditions. Key assumptions include market share of the Company, average commission rate, growth in market volumes, cost to income ratios, returns on funds deployed, timing of write offs etc. A significant change in the assumptions used may impact the realisability of the deferred tax asset.

		Note	2019	2018
9	**TRADE RECEIVABLES - NET**		---- Rupees ----	
	Considered good			
	Receivable from clients against purchase of marketable securities and commodity contracts	9.1	109,152,433	44,150,367
	Considered doubtful			
	Receivable from clients against purchase of marketable securities and commodity contracts		593,709,622	600,338,115
	Commission receivable		414,265	414,265
	Provision against doubtful debts	9.2	(579,864,775)	(586,493,268)
			14,259,112	14,259,112
			123,411,545	58,409,479

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9.1	This includes amounts due from related parties as under:	Note	2019	2018
			Rupees	
	Key management personnel		4	97
	Other related parties and associated undertakings		32,543,866	4,861,306
			32,543,870	4,861,403

9.2 Provision against doubtful debts

	Note	2019	2018
Opening provision		586,493,268	586,088,752
Charge for the year		-	404,516
Written off during the year		(6,620,117)	-
Reversal during the year		(8,376)	-
		(6,628,493)	404,516
Closing provision	9.2.1	579,864,775	586,493,268

9.2.1 This includes provision of Rs. 4.404 million (2018: Rs. 4.404 million) in respect of related parties.

9.2.2 Provision against doubtful debts has been made after considering the market value of listed equity securities amounting to Rs. 21.886 million (2018: Rs. 60.25 million) held in custody by the Company against respective customers accounts.

9.3 Ageing Analysis

	Gross Amount	Provision Held	Net Amount
		Rupees	
Upto 5 days	103,470,389	-	103,470,389
More than 5 but upto 14 days	1,458,805	-	1,458,805
More than 14 but upto 30 days	484,252	-	484,252
More than 30 but upto 60 days	370,204	-	370,204
More than 60 but upto 90 days	432,253	-	432,253
More than 90 days	597,060,417	579,864,775	17,195,642
	703,276,320	579,864,775	123,411,545

9.4	Customer assets	Note	2019	2018
			Rupees	
	Central Depository System		5,137,086,043	5,360,766,267

10 ADVANCES

	Note	2019	2018
Considered good			
Advances to employees	10.1	1,346,399	779,774
Others		312,133	426,629
		1,658,532	1,206,403

10.1 The advances to employees are given to meet personal and travelling expenses. These are granted to employees of the Company in accordance with their terms of employment and are recovered through deductions from salaries / against expense settlements.

11	DEPOSITS AND PREPAYMENTS	Note	2019	2018
			Rupees	
	Pakistan Stock Exchange Limited		357,923	357,923
	Exposure deposit with National Clearing Company of Pakistan Limited / Pakistan Stock Exchange Limited	11.1	126,900,690	155,648,177
	Pakistan Mercantile Exchange Limited - margin deposit		660,590	1,043,744
	Security deposits		932,446	987,446
	Prepayments		947,141	1,634,983
			129,798,790	159,672,273

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11.1 This represents deposits held at the year end against exposures arising out of trading in securities in accordance with the regulations of the Pakistan Stock Exchange Limited (the Exchange). Interest is earned on the deposit at rates as determined by the Exchange. These deposits carry interest / mark-up at 7.5% to 10% (2018: 3.5% to 6.5%) per annum.

12 ACCRUED MARK-UP - NET

	Note	2019	2018
		Rupees	
Considered good			
Accrued income on savings accounts, loans and exposure deposits		8,783,359	5,733,169
Considered doubtful			
Accrued mark-up income		69,947,808	69,947,808
Accrued income on other receivables		12,440,328	12,440,328
		82,388,136	82,388,136
Provision against doubtful accrued mark-up		(82,388,136)	(82,388,136)
		8,783,359	5,733,169

13 OTHER RECEIVABLES

	Note	2019	2018
Considered good			
Receivable from related party	13.1	1,416,212	1,101,833
Others		660,367	740,517
		2,076,579	1,842,350
Considered doubtful			
Receivable against overdue reverse repurchase transaction	13.2	13,297,927	13,297,927
Others		26,506,756	26,506,756
		39,804,683	39,804,683
Provision against other receivables	13.3	(39,804,683)	(39,804,683)
		2,076,579	1,842,350

13.1 This represents receivable on account of group shared services.

13.2 This represents receivable against overdue reverse repurchase transaction with another brokerage house. During the financial year ended June 30, 2013, the borrower entered into a settlement agreement with the Company under which it acknowledged its liability to pay Rs 114 million and the related mark-up and also paid Rs 50 million against the release of certain shares held as collateral. The outstanding balance as at the previous reporting period was secured against certain shares listed on PSX and ten shops located at Fortress Stadium, Lahore. During the year ended June 30, 2015, these collaterals were sold by the Company. The remaining balance of Rs. 39.805 million is unsecured and has been fully provided.

13.3 Provision against doubtful other receivables

	Note	2019	2018
		Rupees	
Opening balance		39,804,683	39,804,683
Charge for the year		-	-
Reversal during the year		-	-
Balance as at year end		39,804,683	39,804,683

14 BANK BALANCES

	Note	2019	2018
Cash at bank			
Current accounts		24,934,883	21,008,910
Savings accounts	14.1	363,222,366	192,127,126
	14.2	388,157,249	213,136,036

14.1 These savings accounts carry mark-up ranging from 5% to 12.75% (2018: 3.7% to 6.5%) per annum.

14.2 This includes an amount of Rs. 332.193 million (2018: Rs. 182.816 million) representing clients' funds.

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15 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2019	2018		2019	2018
--- Number of shares ---			--- Rupees ---	
52,000,000	52,000,000	Ordinary shares of Rs. 10 each fully paid in cash	520,000,000	520,000,000

15.1 The Holding Company holds 52,000,000 shares (2018: 52,000,000 shares).

16 SURPLUS ON REMEASUREMENT OF FINANCIAL ASSETS

	Note	2019	2018
		--- Rupees ---	
Opening surplus on remeasurement of available for sale investments		-	35,906,147
Unrealised loss recognised during the year	6.1	-	(14,154,475)
Closing surplus on remeasurement of available for sale investments		-	21,751,672
Opening surplus on remeasurement of investments classified as 'financial assets fair vale through other comprehensive income' due to adoption of IFRS 9 (note 2.2.1)		21,751,672	-
Unrealised loss recognised during the year	6.1	(1,747,219)	-
Closing surplus on remeasurement of investments classified as 'financial assets at fair vale through other comprehensive income'		20,004,453	21,751,672

17 ADVANCE AGAINST ISSUE OF PREFERENCE SHARES

During the financial year ended June 30, 2012, the Company received Rs. 650,000,000 in the form of interest free subordinated loan from Mr. Syed Babar Ali, Chairman – IGI Holdings Limited, the Holding Company, and a key sponsor of the Company. On June 29, 2012, the Company and Mr. Syed Babar Ali entered into an irrevocable Subscription Agreement to convert the subordinated loan into preference shares to be issued by the Company to Mr. Syed Babar Ali.

The Subscription Agreement provides for issue of 65,000,000 preference shares at the rate of Rs 10 per share and these shares will be non-voting, non-redeemable, non-convertible and non-cumulative. Further, under the Subscription Agreement, the Company is to take steps for issuance and allotment of preference shares to Mr. Syed Babar Ali and to complete all requisite formalities in that connection.

On April 18, 2014 and June 30, 2016 the Company had signed Addendums to the aforesaid Subscription Agreement to amend the terms for payment of dividend to the preference shareholder, as may be declared by the Company out of its distributable profits and the entitlement of preference shareholder in case of liquidation of the Company.

Consequent to the above, in case of change in management control of the Company, the preference shareholder shall be first paid dividend up to 10% of par value until the aggregate amount of preferential dividend paid equals Rs. 650 million and thereafter, 0.1% of par value. Further, in case of liquidation of the Company, preference shareholder shall have priority over ordinary shareholder to the extent of par value of preference shares held, less dividends paid on preference shares.

During the year ended December 31, 2018, the Company had repaid an amount of Rs 100 million in respect of the advance against preference shares.

During the year, an addendum has been signed to reflect that the amount of advance against preference shares is reduced to Rs. 550,000,000 and preference shares are reduced to 55,000,000 at the rate of Rs. 10 per share. Further, the Company may at its option or discretion refund the entire subscription amount (or any part thereof) at any time during the term of this Subscription Agreement subject to a fifteen days notice to the sponsor, provided that the sponsor shall not be entitled to demand claim / refund of the Subscription amount (or any part thereof) in term of this clause of the Subscription Agreement.

Since the Company has not yet issued the said preference shares, the amount has been reported as advance against issue of preference shares.

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18	TRADE AND OTHER PAYABLES	Note	2019	2018
			Rupees	
	Payable against sale of marketable securities	18.1	469,469,424	290,547,585
	Payable to National Clearing Company of Pakistan Limited (NCCPL)		56,933,014	34,123,395
	Payable against profit on unutilised funds	18.2	2,862,961	1,708,316
	Payable to related party	18.3	21,309,988	21,583,428
	Accrued expenses	18.4	9,673,546	7,080,128
	Provision for leave encashment		918,884	2,129,858
	Commission payable	18.5	2,643,333	2,214,705
	Other payables		14,958,104	10,420,831
			578,769,254	369,808,246

18.1 This includes an amount due to key management personnel of Rs. 0.580 million (2018: Rs. 0.441 million).

18.2 This includes profit payable to a related party of Rs. 0.418 million (2018: Rs. 0.002 million)

18.3 This represents sharing of common expenses under Group Shared Services (GSS) agreement.

18.4 This includes insurance expense payable to a related party of Rs. 0.675 million (2018: 0.76 million).

18.5 This includes commission payable to key management personnel of Rs. 0.202 million (2018: 0.18 million).

19 CONTINGENCIES AND COMMITMENTS

19.1 During financial year 2013, audit proceedings under section 177 of the Income Tax Ordinance, 2001 in relation to the Tax Year 2010 were concluded by the Deputy Commissioner Inland Revenue (DCIR) which led to an eventual tax demand of Rs. 6.672 million. The Company had filed an appeal with the Commissioner Inland Revenue (Appeals) against the said demand which was heard by the Commissioner. During the year ended June 30, 2014, Commissioner passed an order under which the Company had been allowed certain expenses which were disallowed by DCIR in earlier assessment. DCIR has filed an appeal in Appellate Tribunal Inland Revenue (ATIR) against the said order. The Management also filed second appeal before Appellate Tribunal Inland Revenue. During the year ended June 30, 2017, the ATIR in their Order dated May 31, 2017 has remanded back the matter to the DCIR, with the direction to ascertain the true facts of transactions involved and after due verification allow the exemption clause of part - 1 of the second schedule to the Income Tax Ordinance, 2001 whereas ATIR rejected the appeal of the tax department and upheld the findings of CIR(A) whereby relief was allowed to the Company. The Company has submitted an application to the Deputy Commissioner Inland Revenue to give the appeal effect at the earliest.

19.2 During the financial year ended June 30, 2012, a brokerage house filed a lawsuit against the Company in the High Court of Sindh for recovery of Rs. 18.433 million together with mark-up on debit balances outstanding in its books and records on account of various transactions. Initially, the Company had filed a counter affidavit against the application filed by the Complainant to seek an interim order. During the financial year ended June 30, 2013, the Company filed a written Statement in this lawsuit, while the Plaintiff has filed a rejoinder to the counter affidavit filed by the Company. The Company has also filed a lawsuit against the same brokerage house and an ex-official of the Company in the High Court of Sindh to recover the outstanding balance appearing in the Company's books of account before provision. The court has issued notices to the defendants. The lawsuits are pending litigations and both the management and the legal counsel are of the view that there is a reasonable probability of Company's success in both lawsuits.

19.3 During the financial year ended June 30, 2010, one of the customers of the Company filed a lawsuit against the Company before the High Court of Sindh for the recovery of Rs. 3.5 million along with damages of Rs. 100 million. The said lawsuit is counterblast to Company's suit for recovery of Rs. 0.97 million along with liquidated damages at the rate of 24%, filed during the financial year ended June 30, 2010 before the Senior Civil Judge Karachi, South, which was subsequently transferred to the Honourable High Court of Sindh at Karachi, on Company's civil transfer application, moved under section 24 read with section 151 of Civil Procedure Code. The lawsuits are pending litigations and both the management and legal counsel are of the view that there is a reasonable probability of Company's success in both lawsuits.

19.4 During the financial year ended June 30, 2010, one of the customers of the Company had filed a lawsuit against the Company in the Court of Senior Civil Judge Karachi, South for the recovery of Rs. 12.6 million along with mark-up thereon. The said lawsuit is counterblast to Company's suit for recovery of money, declaration and permanent injunction for recovery of Rs. 3.3 million along with liquidated damages at the rate of 24%, filed during the financial year ended June 30, 2009 before the Honourable High Court of Sindh. The lawsuits are pending litigations and both the management and the legal counsel are of the view that there is a reasonable probability of Company's success in both lawsuits.

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19.5 During the year ended June 30, 2009, a brokerage house filed suit before the Honourable Civil Judge, Lahore for declaration and permanent injunction against the Company. The brokerage house filed a contempt petition and a petition under section 33 of the Arbitration Act against the Company before the Honourable Civil Judge, Lahore. Furthermore the brokerage house also filed a civil revision before the Honourable Lahore High Court, Lahore Bench against order passed by the learned Civil Judge wherein the learned Civil Judge was pleased to dismiss the temporary injunction granted to the brokerage house, the said order was also affirmed in appeal. Further, the Company has filed a suit for recovery for Rs. 53.062 million along with liquidated damages and a petition before National Accountability Bureau (NAB) against the brokerage house. Both the management and legal counsel are of the view that there is a reasonable probability of Company's success in the lawsuit.

19.6 There are no material commitments as at December 31, 2019 and December 31, 2018.

		Note	2019	2018
			——— Rupees ———	
20	**OPERATING REVENUE**			
	Brokerage from equity operations	20.1	94,380,751	83,457,111
	Brokerage from commodity operations		2,782,595	5,041,285
			97,163,346	88,498,396
20.1	**Brokerage from equity operations**			
	Retail		81,046,211	60,573,784
	Institution		13,334,540	22,883,327
			94,380,751	83,457,111
21	**OTHER OPERATING REVENUE**			
	Profit on savings accounts	21.1	17,201,454	10,017,462
	Income on exposure deposit with NCCPL / Pakistan Stock Exchange Limited		15,138,752	8,476,327
	Income on deposit with Pakistan Mercantile Exchange Limited		-	19,555
	Dividend income		1,758	83,312
	CDC conversion charges and commission		2,068,026	2,066,799
	Income from MTS exposure		107,115	8,315
	Income on base minimum capital deposit		322,861	-
	Income on loan to Holding Company		-	1,629,777
			34,837,966	22,301,547
21.1	**Profit on savings accounts**			
	Gross profit (including profit on unutilised funds of clients)		21,278,778	13,045,777
	Profit on unutilised funds of clients		(4,077,324)	(3,028,315)
	Net profit		17,201,454	10,017,462
22	**ADMINISTRATIVE AND OPERATING EXPENSES**			
	Salaries, allowances and other benefits		65,432,343	70,128,249
	Staff training		89,667	141,334
	Commission expense		6,610,011	2,686,383
	Insurance		2,059,085	2,046,634
	Repairs and maintenance		2,186,101	1,180,917
	Auditors' remuneration	22.2	1,497,590	3,723,416
	Rent and rates		5,693,861	7,719,502
	Legal and professional charges		3,255,131	6,958,858
	Printing and stationery		1,024,982	1,260,185
	Postage and telephone		2,887,883	3,319,534
	Travelling and conveyance		394,373	964,968
	IT related expenses		8,804,670	8,048,336
	Utilities		1,950,670	2,400,188
	Fees and subscription including stock exchange, clearing house and CDC charges		9,152,169	11,516,349
	Marketing		124,042	319,645
	Entertainment		683,438	1,929,255
	Depreciation	4	6,385,415	6,226,718
	Amortisation	5	662,374	123,392
	Others		3,081,007	2,746,081
			121,974,812	133,439,944

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22.1 Certain common expenses (including salaries, allowances and other benefits, staff training, rentals, utilities, repair and maintenance and IT related expenses) are charged to the Company, which are shown under respective administrative and operating expenses accounts, in accordance with the Group Shared Services (GSS) Cost Allocation Review Memorandum, between the Company and the Holding Company. During the year, an amount of Rs. 12.318 million was charged in respect of common expenses.

	Note	2019	2018
22.2 Auditors' remuneration		Rupees	
Audit fee		500,000	500,000
Special certifications and other services		850,000	2,614,375
Taxation services		-	393,667
Out of pocket expenses		147,590	215,374
		1,497,590	3,723,416

23 OTHER INCOME

		2019	2018
Gain on disposal of property and equipment		150,910	-
Profit on retained shares		-	228,895
Others		51,005	49,996
		201,915	278,891

24 OTHER EXPENSES

	Note	2019	2018
Loss on disposal of property and equipment		-	184,400
Penalty	24.1	-	150,000
		-	334,400

24.1 This amount represents penalty imposed by Pakistan Stock Exchange (PSX) vide its Enforcement Order dated July 13, 2018 in respect of non-compliances of various clauses of PSX Rulebook and discrepancies in UIN Report and Back Office Report.

25 NUMBER OF EMPLOYEES

	2019	2018
Number of employees at the end of the year	45	59
Average number of employees during the year	50	65

26 TAXATION

	Note	2019	2018
		Rupees	
Current - for the year		(1,980,257)	(1,397,635)
Prior		(18,768)	-
Deferred		5,546,450	(4,368,154)
	26.1	3,547,425	(5,765,789)

26.1 Relationship between tax and accounting profit / (loss)

This represents charge of minimum tax u/s 113 of Income Tax Ordinance, 2001. Therefore, a numerical tax reconciliation between tax and accounting profit has not been given.

27 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED

	Note	2019	2018
Profit / (loss) for the year (Rupees)		13,069,331	(29,454,886)
Weighted average number of ordinary shares outstanding		52,000,000	52,000,000
Earning / (loss) per share (Rupees)	27.1	0.25	(0.57)

27.1 There were no convertible dilutive potential ordinary shares in issue as at December 31, 2019 and December 31, 2018.

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28 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	2019			2018		
	Chief Executive Officer *	Director	Other Executives	Chief Executive Officer	Director	Other Executives
	Rupees					
Managerial remuneration	7,941,616	4,236,360	5,040,002	6,996,362	3,325,024	5,652,079
Reimbursements / other allowances	2,379,253	735,030	1,668,896	2,357,629	344,217	1,419,980
Bonus	1,158,162	669,875	800,000	-	-	-
Housing	3,573,816	1,906,368	2,268,009	3,148,362	1,496,266	2,543,441
Utilities	794,184	423,636	504,003	699,638	332,501	565,213
Commission	-	-	221,046	-	88,984	13,500
	15,847,251	7,971,269	10,501,956	13,201,991	5,586,992	10,194,213
Number of persons	1	2	3	1	2	4

* A portion of the remuneration of the current CEO is charged to the Holding Company under group shared services agreement. During the year an amount of Rs 3.672 million was charged to the Holding Company in this respect.

28.1 The Chief Executive Officer and certain executives of the Company are provided with free use of Company owned and maintained vehicles.

29 RELATED PARTY TRANSACTIONS

The Company has related party relationships with its Holding Company, associated undertakings, directors and key management personnel.

The Company in the normal course of business carries out transactions with various related parties at agreed / commercial terms and conditions. Amounts due to / from and other significant transactions, other than those as disclosed in notes 9.1, 9.2.1, 13.1, 18.3 and 22.1 are as follows:

	2019			2018		
	Holding Company	Key management personnel	Other related parties and associates	Holding Company	Key management personnel	Other related parties and associates
Nature of transactions	Rupees					
Purchase of marketable securities for and on behalf of	-	194,756,318	1,276,770,127	32,753	263,469,643	2,509,445,472
Sale of marketable securities for and on behalf of	-	192,708,758	99,547,452	32,753	258,039,462	183,973,213
Brokerage income earned	-	371,252	1,803,693	5	331,323	2,956,905
Insurance expense paid to	-	-	2,059,085	-	-	2,046,634
Insurance claim received	-	-	-	-	-	45,000
Mark-up earned on long term loan	-	-	-	1,629,777	-	-
Mark-up received on long term loan	-	-	-	16,870,047	-	-
Receipt of long term loan	-	-	-	69,859,738	-	-
Reduction in advance against preference shares	-	-	-	-	-	100,000,000
Reimbursement of expenses	-	-	3,571,957	-	-	1,584,000
Disposal of fixed assets - at cost	-	-	-	53,000	-	99,000
Sale proceeds from disposals of fixed assets	-	-	-	13,000	-	-
GSS reimbursements from	7,044,632	-	2,128,704	6,882,223	-	3,430,987
GSS reimbursements to	625,248	-	7,328,759	3,891,564	-	9,845,071
Rent expense	-	-	4,363,902	247,200	-	4,982,155

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The maximum aggregate amount due from related parties outstanding during the year aggregated to Rs. 28,065,345 (2018: Rs. 38,177,661).

Particulars relating to the remuneration of the Chief Executive Officer and Directors who are key management personnel are disclosed in note 28 to these financial statements.

29.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

S. No.	Name of related party	Basis of association / relationship	Aggregate % of shareholding
1	IGI Holdings Limited	Holding Company	100%
2	IGI General Insurance Limited	Associate	N/A
3	IGI Life Insurance Limited	Associate	N/A
4	IGI Investments (Pvt.) Limited	Associate	N/A
5	Perwin Babar Ali	Other related party	N/A
6	Syed Babar Ali	Other related party	N/A
7	Syed Hyder Ali	Other related party	N/A
8	Syeda Henna Babar Ali	Other related party	N/A
9	Packages Limited	Other related party	N/A
10	Bulleh Shah Packaging (Private) Limited	Other related party	N/A

30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

30.1 Financial instruments by category

	2019		
	At amortised cost	At fair value through other comprehensive income	Total
Financial assets	Rupees		
Non-current assets			
Investments	-	20,004,853	20,004,853
Long term deposits	15,429,664	-	15,429,664
	15,429,664	20,004,853	35,434,517
Current assets			
Trade receivables - net	123,411,545	-	123,411,545
Advances	1,658,532	-	1,658,532
Deposits	128,851,649	-	128,851,649
Accrued mark-up - net	8,783,359	-	8,783,359
Other receivables	2,076,579	-	2,076,579
Bank balances	388,157,249	-	388,157,249
	652,938,913	-	652,938,913
	668,368,577	20,004,853	688,373,430

	2019	
	At amortised cost	Total
Financial liabilities	Rupees	
Trade and other payables	574,659,590	574,659,590
Lease liability against right-of-use asset	931,191	931,191
	575,590,781	575,590,781

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Financial assets	2018		
	Loans and receivables	Available for sale	Total
	Rupees		
Non-current assets			
Investments	-	21,752,072	21,752,072
Long term deposits	17,354,664	-	17,354,664
	17,354,664	21,752,072	39,106,736
Current assets			
Trade receivables - net	58,409,479	-	58,409,479
Advances	1,206,403	-	1,206,403
Deposits	158,037,290	-	158,037,290
Accrued mark-up - net	5,733,169	-	5,733,169
Other receivables	1,842,350	-	1,842,350
Bank balances	213,136,036	-	213,136,036
	438,364,727	-	438,364,727
	455,719,391	21,752,072	477,471,463

Financial liabilities	2018	
	At amortised cost	Total
	Rupees	
Trade and other payables	362,952,891	362,952,891

30.2 Financial risk management

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

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

30.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuer of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

Exposure to credit risk

Credit risk of the Company arises principally from the long-term deposits, trade receivables, advances, deposits, accrued mark-up, 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 margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. Except for provision made against the trade debts amounting to Rs. 579.865 million (refer note 9.2), provision against accrued mark-up amounting to Rs. 82.388 million (refer note 12) and provision against other receivables amounting to Rs. 39.805 million (refer note 13.3), the Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date was as follows:

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	2019	2018
	---------- Rupees ----------	
Long term deposits	15,429,664	17,354,664
Trade receivables - net	123,411,545	58,409,479
Advances	1,658,532	1,206,403
Deposits	128,851,649	158,037,290
Accrued mark-up - net	8,783,359	5,733,169
Other receivables	2,076,579	1,842,350
Bank balances	388,157,249	213,136,036
	668,368,577	455,719,391

30.3.1 The aging for trade receivables, accrued mark-up and other receivables at the reporting date is as follows:

	2019			2018		
	Gross	Provision	Net	Gross	Provision	Net
	Rupees					
Past due 1 day -30 days	109,666,718	-	109,666,718	41,140,633	(3,096)	41,137,537
Past due 31 days -60 days	1,244,827	-	1,244,827	1,836,914	(19,032)	1,817,882
Past due 61 days -90 days	1,373,106	-	1,373,106	947,770	(165)	947,605
More than 90 days	724,044,426	(702,057,594)	21,986,832	730,745,768	(708,663,794)	22,081,974
	836,329,077	(702,057,594)	134,271,483	774,671,085	(708,686,087)	65,984,998

The provisions in respect of above receivable have been made on debt amount exceeding the custody of equity securities held by the Company.

30.3.2 **Bank balances**

The analysis below summarises the credit quality of the Company's bank balances

	2019	2018
	---- Rupees ----	
AAA	70,275,694	195,926,132
AA+	22,536,270	17,157,695
AA-	295,109,786	-
BBB-	-	52,209
Unrated	235,499	-
	388,157,249	213,136,036

30.3.3 **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.

Details of the industrial sector analysis of the trade receivables are as follows:

	2019		2018	
	Rupees	Percentage	Rupees	Percentage
Services (including insurance)	1,688,299	1.37%	25,677,113	43.96%
Banking, capital market and financial institutions	3,554,349	2.88%	3,649,153	6.25%
Individuals	118,168,897	95.75%	29,083,213	49.79%
	123,411,545	100.00%	58,409,479	100.00%

30.4 **Liquidity risk**

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

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The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	2019				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
Financial liabilities	Rupees				
Trade and other payables	574,659,590	574,659,590	574,659,590	-	-
Lease liability against right-of-use asset	931,191	931,191	91,005	301,716	538,470
	575,590,781	575,590,781	574,750,595	301,716	538,470

	2018				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
Financial liabilities	Rupees				
Trade and other payables	362,952,891	362,952,891	362,952,891	-	-

On the reporting date, the Company has bank balances of Rs 388.157 million (2018: Rs.213.136 million) as mentioned in note 14 to these financial statements.

30.5 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument. The management manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

30.5.1 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. The Company, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

30.5.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate exposure arises from bank balances in savings account.

At the reporting date, the interest rate risk profile of the Company's interest bearing financial instruments is:

	2019	2018	2019	2018
	Effective interest rate		Carrying amount	
	Percentage		Rupees	
Financial assets				
Exposure deposit with National Clearing Company of Pakistan Limited / Pakistan Stock Exchange Limited	7.5 to 10	3.5 to 6.5	126,900,690	155,648,177
Bank balances in savings accounts	7.15 to 12.75	3.7 to 6.5	363,222,366	192,127,126
Total			490,123,056	347,775,303

The management of the Company estimates that a 1% decrease in the market interest rate, with all factors remaining constant, would decrease the Company's profit before tax by Rs. 0.088 million (2018: Rs. 0.057 million) and a 1% increase would result in increase in the Company's profit before tax by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

30.5.3 **Price risk**

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

The Company is exposed to price risks because of investments held by the Company in shares of Pakistan Stock Exchange. In case of 1% increase / decrease in the market price of the shares held, the other comprehensive loss of the Company would be lower / higher by approximately Rs. 0.2 million (2018: Rs. 0.218 million).

30.6 **Operational risk**

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

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

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

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

31 **FAIR VALUE MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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); and

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

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As at December 31, 2019 and December 31, 2018, the Company held the following financial instruments measured at fair values:

	2019		
	Level 1	Level 2	Level 3
	Rupees		
Financial assets			
- At fair value through other comprehensive income	20,004,853	-	-

	2018		
	Level 1	Level 2	Level 3
	Rupees		
Financial assets			
- Available for sale	21,752,072	-	-

32 CAPITAL RISK MANAGEMENT

32.1 The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital. Net capital requirements of the Company are set and regulated by the Pakistan Stock Exchange. These requirements are put into place to ensure sufficient solvency margins and are based on excess of current assets over liabilities as presented below.

NET CAPITAL BALANCE	Note	2019	2018
		Rupees	
Current assets			
Cash in hand		-	-
Cash deposit as margin with Pakistan Stock Exchange	32.1.1	126,150,690	154,898,177
Cash at bank:	32.1.2		
Bank balance pertaining to brokerage house		55,964,573	29,657,947
Bank balance pertaining to clients		332,192,676	182,815,970
Total bank balances		388,157,249	212,473,917
Trade receivables:	32.1.3		
Total receivables		123,320,750	57,439,011
Outstanding for more than fourteen days		(17,044,023)	(19,548,569)
Balance generated within fourteen days and not yet due		106,276,727	37,890,442
Investments in listed securities in the name of broker (Securities on the exposure list marked to market less 15% discount)		-	-
Securities purchased for client		-	-
Listed TFCs / Corporate Bonds (Marked to market less 10% discount)		-	-
FIBs (Marked to market less 10% discount)		-	-
Treasury Bill (at market value)		-	-
		620,584,666	405,262,536
Current liabilities			
Trade payables:	32.1.4		
Book value		469,469,424	290,547,585
Less: overdue for more than 30 days		(151,327,283)	(153,702,338)
		318,142,141	136,845,247
Other liabilities (including trade payables overdue for more than 30 days)	32.1.5	261,019,834	232,962,999
		579,161,975	369,808,246
Net capital balance		41,422,691	35,454,290

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	Note	2019	2018
		Rupees	

32.1.1 Cash deposit as margin with Pakistan Stock Exchange (PSX)

		2019	2018
Deposit with PSX - ready exposure		92,400,000	121,279,325
Deposit with PSX - future exposure		33,600,000	32,668,162
Deposit with PSX - MTS exposure		150,690	950,690
		126,150,690	154,898,177

32.1.2 Cash at bank

		2019	2018
Bank balances pertaining to brokerage house			
- current accounts - non interest bearing		22,803,516	19,193,422
- savings accounts		33,161,057	10,464,525
		55,964,573	29,657,947
Bank balances pertaining to clients			
- current accounts - non interest bearing		2,131,367	1,233,331
- savings accounts		330,061,309	181,582,639
		332,192,676	182,815,970
Total cash at bank		388,157,249	212,473,917

32.1.3 Trade receivables

	Note	2019	2018
Considered good			
Receivable from clients against purchase of marketable securities		108,114,256	43,179,899
Considered doubtful			
Receivable from clients against purchase of marketable securities		587,424,772	593,105,883
Provision for doubtful receivables	32.1.3.1	(572,218,278)	(578,846,771)
		15,206,494	14,259,112
		123,320,750	57,439,011

32.1.3.1 Provision against doubtful receivables has been made after considering the market value of listed equity securities held in custody by the Company against respective customers accounts.

32.1.4 Trade payables

	2019	2018
	Rupees	
Trade payables due within 30 days	318,142,141	136,845,247
Trade payables over due for more than 30 days	151,327,283	153,702,338
	469,469,424	290,547,585

32.1.5 Others essentially include payable against profit on unutilised funds, accrued expenses, withholding tax payable, provision for leave encashment and other payables.

32.2 The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company finances its operations through equity including advance against preference shares and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

33 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISKS

a) The Company purchases and sells securities as either principal or agents on behalf of its customers. If either the customer or a counterparty fails to perform, the Company may be required to discharge the obligation on behalf of the non-performing party. In such circumstances, the Company may sustain losses if the market value of the security is different from the contracted value of the transaction less any margin deposits that the Company has on hand. Where the customer operates through institutional delivery system, the Company is not exposed to this risk.

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The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with the customers and other financial institutions. The Company seeks to control its credit risk through a variety of reporting and controls procedures, including establishing credit limits based upon a review of the counterparties' financial condition. The Company monitors collateral levels on a regular basis and requests changes in collateral level as appropriate or if considered necessary.

b) The Company enters into security transactions on behalf of its customers involving future settlement. The Company has entered into transactions that gives rise to future settlement, the unsettled amount as on December 31, 2019 of these future transactions is Rs. 0.047 million (2018: Rs. 0.606 million). Transactions involving future settlement give rise to market risk, which represents the potential loss that can be caused by a change in the market value of a particular financial instrument. The credit risk for these transactions is limited to the unrealised market valuation losses which have been recorded in the statement of accounts of the customers. As explained above, credit risk is controlled through a variety of reporting and controls procedures.

34 GENERAL

34.1 Date of authorisation

These financial statements were authorised for issue on ________________ by the Board of Directors of the Company.

34.2 Figures have been rounded off to the nearest rupee.

34.3 Comparative information has been reclassified, rearranged or additionally incorporated in these financial statements for the purpose of better presentation. There were no material reclassifications during the year.

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March 04, 2020

CHIEF EXECUTIVE OFFICER

DIRECTOR