

Mayari Securities (Private) Limited
Financial Statements
For the year ended
June 30, 2020

Mayari Securities (Pvt.) Ltd.



TREC HOLDER PAKISTAN STOCK EXCHANGE LIMITED.

DIRECTOR'S REPORT

On behalf of the Board of Directors I am pleased to present the Annual report together with the company's Audited Financial Statement and Auditors Report for the Financial year ended 30th June 2020. The Summarized results for the year ended 30th June 2020 are as under:

Financial results	2020
Operating Revenue	12,285,827
Profit before Taxation	9,858,110
Taxation	(1,088,726)
Profit after Tax	8,769,384


AUDITORS:

The auditors M/S UHY Hassan Naeem & co retire at the conclusion of the meeting being eligible, they have offered themselves for re-appointment.

CONCLUSION:

The Directors appreciate assistance and co-operation extended by customers and employees of the company.

For and on behalf of the Board



Chief Executive

Date: 28-Sep-2020

Karachi

INDEPENDENT AUDITOR'S REPORT

To the members of **MAYARI SECURITIES (PRIVATE) LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statement of **MAYARI SECURITIES (PRIVATE) LIMITED**, which comprise the statement of financial position as at **June 30, 2020** and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flow 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 and other comprehensive income, the statement of changes in equity and statement of cash flow 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, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss for the year then ended; and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan / Institute of Cost and management Accountants (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.

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 requirement of Companies Act, 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 operation, or has no realistic alternative but to do so. Boards of directors are responsible for overseeing the Company's financial reporting process.

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;
- b) the statement of financial position, 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 and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is **Imran Iqbal**

UHY Hassan Naeem & Co.

KARACHI

DATE: 28 September, 2020

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

	Note	2020 (Rupees)	2019 (Rupees)
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Property and equipment	4	11,761,071	13,859,310
Intangible assets	5	2,500,000	2,500,000
Investment-at Fair value through other comprehensive income	6	10,703,821	14,055,522
Long term deposits	7	4,020,000	4,020,000
		28,984,892	34,434,832
<u>CURRENT ASSETS</u>			
Trade debts	8	1,800,234	2,209,533
Investment at fair value through profit and loss	9	76,018,149	74,140,629
Advances, deposits, prepayments and other receivables	10	9,432,735	9,555,655
Cash and bank balances	11	90,884,762	85,272,558
		178,135,880	171,178,375
		<u>207,120,772</u>	<u>205,613,207</u>
<u>EQUITY AND LIABILITIES</u>			
<u>CAPITAL RESERVES</u>			
Authorized capital	12.1	150,000,000	150,000,000
Issued, subscribed and paid-up capital	12.2	120,000,000	120,000,000
Unappropriated profit		46,347,985	37,578,601
Surplus/(Deficit) - Investment at Fair value through other comprehensive income		(4,192,543)	(840,842)
		162,155,442	156,737,759
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Trade and other payable	13	44,965,330	48,875,448
		44,965,330	48,875,448
Contingencies and commitments	14	207,120,772	205,613,207

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


Chief Executive


Director

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

	Note	2020 <i>(Rupees)</i>	2019 <i>(Rupees)</i>
Revenue from Contract with Customers	15	12,285,827	8,034,191
Operating and administrative expenses	16	<u>(13,071,804)</u>	<u>(12,287,444)</u>
Operating (Loss)		(785,977)	(4,253,253)
Other income	17	<u>10,644,087</u>	<u>(14,787,098)</u>
NET PROFIT/(LOSS) BEFORE TAXATION		9,858,110	(19,040,351)
Taxation	18	<u>(1,088,726)</u>	<u>(1,497,408)</u>
NET PROFIT/(LOSS) AFTER TAXATION		<u>8,769,384</u>	<u>(20,537,760)</u>

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



Chief Executive



Director

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

	2020 <i>(Rupees)</i>	2019 <i>(Rupees)</i>
Profit/(loss) for the year	8,769,384	(20,537,760)
Other comprehensive income:		
Unrealised gain/(loss) on revaluation of investments at fair value through other comprehensive income	(3,351,701)	(7,298,060)
TOTAL COMPREHENSIVE INCOME	<u>5,417,683</u>	<u>(27,835,820)</u>

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



Chief Executive



Director

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

	Issued, subscribed and paid-up capital	Accumulated Profit/(Loss)	Surplus/ (Deficit) - Investment- (FVTOCI)	Total
	<i>Rupees</i>			
Balance as at June 30, 2018	120,000,000	58,116,361	6,457,218	184,573,579
Net profit for the year	-	(20,537,760)	-	(20,537,760)
Surplus/(Deficit) - Investment at Fair value through OCI	-	-	(7,298,060)	(7,298,060)
Balance as at June 30, 2019	120,000,000	37,578,601	(840,842)	156,737,759
Net profit/(loss) for the year	-	8,769,384	-	8,769,384
Surplus/(Deficit) - Investment at Fair value through OCI	-	-	(3,351,701)	(3,351,701)
Balance as at June 30, 2020	120,000,000	46,347,985	(4,192,543)	162,155,442

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



 Chief Executive


 Director

MAYARI SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees)	2019 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		9,858,110	(19,040,351)
Adjustment for non-cash items:			
Depreciation		1,515,365	1,729,126
Adjustment in Property and equipment		111,396	-
Capital loss/gain on investment at fair value through profit and loss		(5,299,804)	611,917
Gain on disposal on property plant and equipment		(147,322)	-
Capital Loss/(Gain) on Remeasurement of investment		-	19,828,946
Dividend Income		(2,880,625)	(4,453,150)
Operating profit before working capital changes		(6,700,990)	17,716,839
Changes in working capital			
(Increase)/Decrease in trade debts		409,299	(1,458,053)
(Increase)/ Decrease in advances, deposits and prepayments		(256,799)	(2,716,668)
(Increase)/ Decrease in long term deposits		-	10,000
(Decrease)/ Increase in trade and other payable		(3,910,118)	(6,963,374)
Net changes in working capital		(3,757,618)	(11,128,095)
Taxes paid		(709,007)	(1,903,781)
Net cash generated from operating activities		(1,309,506)	(14,355,388)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(131,200)	(172,515)
Proceeds from investment		3,422,284	(14,068,712)
Dividend received		2,880,625	4,453,150
Proceeds from disposal of property plant and equipment		750,000	-
Net cash generated from investing activities		6,921,709	(9,788,077)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan		-	-
Net cash generated from financing activities		-	-
Net increase in cash and cash equivalent		5,612,204	(24,143,466)
Cash and cash equivalent at beginning of the year		85,272,558	109,416,024
Cash and cash equivalent at end of the year		90,884,762	85,272,558

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


Chief Executive


Director

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

1 Legal Status and Nature of Business

Mayari Securities (Private) limited was incorporated under the Companies Ordinance, 1984 as a private limited company. The Company is a corporate member of Pakistan Stock Exchange Limited. The registered office of the company is located at room no.73 & 74 2nd floor Pakistan Stock Exchange Building, Stock Exchange Road, Karachi. The principal activities of the Company are investment and share brokerage.

2 Basis of Preparation

2.1 Statement of Compliance

These financial statements are prepared in accordance with the provisions of the Companies Act, 2017. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention except Investments that are carried at fair value.

2.3 Functional and Presentation Currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company.

2.4 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, value of intangibles and provision for doubtful receivables.

2.5 New Accounting pronouncements

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

Description effective for periods		Effective for periods beginning on or after
IAS 1	Presentation of financial statements (Amendments)	January 01, 2020
IAS 41	Agriculture (Amendments)	January 01, 2022
IFRS 09	Financial Instruments (Amendments)	January 01, 2022
IFRS 16	Leases (Amendments)	June 01, 2020

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

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

Description effective for periods		Effective for periods beginning on or after
IFRS 01	First time adoption of International Financial Reporting Standards	July 01, 2009
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 17	Insurance Contract	January 01, 2022

3 Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

3.1 Taxation

Income tax expense comprises of current, and prior year. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity

3.1.1 Current

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of prior years.

3.1.2 Deferred Tax

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

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

3.2 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account in the period in which they are incurred.

Depreciation on all property and equipment is charged to the profit and loss account using Reducing balance method over the asset's useful life at the rates stated Note no. 4. The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of property and equipment are recognized in the profit and loss account. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate.

3.3 Intangible Assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates stated therein, after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed of. Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

3.4 Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized, as an expense in the profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a pretax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

3.5 Financial Instruments

3.5.1 The company classifies its financial assets in the following three categories:

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

a) Financial assets at amortized cost:

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

b) Financial assets at FVOCI:

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

It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding; or

It is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the company at initial recognition.

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

c) Financial assets at FVTPL:

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

Such financial asset is initially measure at fair value.

3.5.2 Initial recognition:

The company recognizes an investment when and only when it becomes party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments is recognized using settlement date accounting. I.e. on the date which settlement of purchase transaction takes place. However, the company follows trade date accounting for its own (the house) investments. Trade date is the date on which the company commits to purchase or sell its asset.

3.5.3 Subsequent measurement:

a) Financial asset measured at amortized cost

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

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

b) Financial asset at FVOCI

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

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

c) Financial asset at FVPL

These assets are subsequently measured at fair value.

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

3.5.4 Impairment:

The company's financial asset that is subject to impairment requirements of IFRS 9 is trade and other receivables.

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

3.6 offsetting of financial assets and financial liabilities:

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the company has a legal right to set off the transactions and also intends either to set on a net basis or to realize the asset and liability simultaneously.

3.7 Trade Debts:

Trade debts and other receivables are stated initially at amortized cost using effective interest rate method. Provision is made on the basis of life time ECLs that result from all the possible events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

3.8 Trade and Other Payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid, in the future for goods and services received.

3.9 Provisions

Provisions are recognized when the Company has present obligation (legal or constructive obligation) as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate

The amount recognized as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

3.10 Revenue Recognition

- Brokerage income is recognized at a point in time as and when transaction is executed.
- Mark-up income, return on bank deposits and balances are recognized on accrual basis.

3.11 Cash and Cash Equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.12 Related Party Transactions

Transactions in relation to sales purchase and services with related parties are made at arm's length price which is determined in accordance with the comparable uncontrolled price method. The related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors and key management employees.

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

4. PROPERTY AND EQUIPMENT

Particulars	Cost				Rate %	Depreciation					W.D.V. As at June 30, 2020
	As at July 01, 2019	Additions	(Deletions)	As at Jun 30, 2020		As at July 01, 2019	Adjustment	For the year	Deletion	As at Jun 30, 2020	
	<i>Rupees</i>					<i>Rupees</i>					
Office Equipments	404,681	-	-	404,681	15%	264,781	-	20,985	-	285,766	114,915
Office Building	20,000,000	-	-	20,000,000	10%	8,157,395	-	1,184,261	-	9,341,656	10,658,343
Furniture & Fixtures	173,760	-	-	173,760	15%	124,895	-	7,330	-	132,225	41,537
Vehicles	5,622,240	-	(1,552,000)	2,070,240	15%	2,021,957	111,386	214,508	(949,322)	1,388,631	671,609
Computers	1,167,141	131,200	-	1,298,341	30%	939,485	-	88,191	-	1,027,676	270,666
June 30, 2020	25,367,822	131,200	(1,552,000)	23,947,022		11,508,512	-	1,515,365	(949,322)	12,385,951	11,761,071
June 30, 2019	25,85,387	172,515	-	25,267,822		9,779,386	-	1,729,126	-	11,508,512	13,859,310

2020
(Rupees) 2019
(Rupees)

5. INTANGIBLE ASSETS

Trading Right Entitlement Certificate (TREC)	5.1	2,500,000	2,500,000
Impairment - TREC			-
		2,500,000	2,500,000
		2,500,000	2,500,000

- 5.1 This represents TREC acquired on surrender of Stock Exchange membership Card. According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once the company intending to carry out shares brokerage business in the manner to be prescribed.

6. INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investment in shares of Pakistan Stock Exchange	6.1	10,703,821	14,055,522
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- 6.1 This represents 1,081,194 (2018: 1,081,194) shares of Pakistan Stock Exchange. Pledge against Base Minimum Capital.

7. LONG TERM DEPOSITS

DFC Basic Deposit to NCCPL	1,400,000	1,400,000
Central Depository Company of Pakistan	100,000	100,000
NCEL	2,500,000	2,500,000
Other Deposits	20,000	20,000
	4,020,000	4,020,000

8. TRADE DEBTS		2020 <i>(Rupees)</i>	2019 <i>(Rupees)</i>
Trade debts	8.1	1,800,234	2,209,533
less: Loss Allowance	8.1.1	-	-
		<u>1,800,234</u>	<u>2,209,533</u>

8.1 Aging Analysis

less than one year	1,800,234
More than one year	-
	<u>1,800,234</u>

8.1.1 The company is expected to received all the amount due within a year, and the amount is subsequently cleared. Therefore no loss allowance is recognized as per IFRS - 09.

9. SHORT TERM INVESTMENT - FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT

Investment in quoted securities	9.1	76,018,149	74,140,629
9.1 Investment in various equity shares carried at market value.			
9.2 This includes securities amounting to Rs 39,684,773 pledge with PSX against Base Minimum Capital.			

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance tax - net	1,767,183	2,146,902
Exposure deposit	7,665,552	5,500,000
Receivable from NCCPL	-	1,908,753
	<u>9,432,735</u>	<u>9,555,655</u>

11. CASH AND BANK BALANCES

Cash in hand	56,476	57,979
Cash at bank- current	90,828,286	85,214,579
	<u>90,884,762</u>	<u>85,272,558</u>

11.1 This includes Bank balances pertaining to client amounting to Rs. 44,923,964

12. SHARE CAPITAL.

12.1 AUTHORIZED SHARE CAPITAL

2020	2019		2020	2019
Number of Shares			Amount	
<u>1,500,000</u>	<u>1,500,000</u>	ordinary shares of Rs. 100 each	<u>150,000,000</u>	<u>150,000,000</u>

12.2 ISSUED SUBSCRIBED AND PAID-UP CAPITAL

<u>1,015,000</u>	<u>1,015,000</u>	ordinary shares of Rs. 100 each fully paid in cash	<u>101,500,000</u>	<u>101,500,000</u>
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PATTERN OF SHAREHOLDING

	No of shares	%
i Muhammad Riaz Mayari	10,000,000	83.3%
ii Huzaifa	1,992,500	16.6%
iii Other Individuals	7,500	0.1%
	12,000,000	

all changes in shareholding above 5 %**Share Issued**

No Changes in shareholding during the year

		2020 <i>(Rupees)</i>	2019 <i>(Rupees)</i>
13. TRADE AND OTHER PAYABLE			
Credit balances of clients	13.1.	44,923,978	48,687,859
Accrued Expenses		41,352	187,589
		<u>44,965,330</u>	<u>48,875,448</u>
13.1 Credit balances of clients held by the company		<u>44,923,978</u>	<u>48,687,859</u>
13.2 No Securities of clients is pledged with Financial Institution.			
13.3 No Securities of the company is pledged with Financial Institution.			

14. CONTINGENCIES AND COMMITMENTS

- 14.1.** During the year, the income tax authorities have issued show cause notice to amend original assessment under section 122(9) read with section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2017. In this regard, tax authorities have passed an order to amend assessment. consequent to amendment, the tax demand of Rs. 5,147,933 has been raised. However, the company has filed an appeal before the commissioner (Appeals-III) against the above order and the proceedings thereof are pending till date. The management is confident that the eventual outcome of the matter will be decided in favour of the company, therefore, no provision has been made in this regard.

There are no other contingencies and commitments as at 30th June 2020.

		2020 <i>(Rupees)</i>	2019 <i>(Rupees)</i>
15. REVENUE FROM CONTRACT WITH CUSTOMERS			
Brokerage income	15.1	12,285,827	8,031,778
IPO Commission		-	2,413
		<u>12,285,827</u>	<u>8,034,191</u>
15.1 Gross Operating Income		<u>14,121,641</u>	9,234,702
less Sales Tax		<u>(1,835,813)</u>	(1,200,511)
		<u>12,285,827</u>	<u>8,034,191</u>

		2020 (Rupees)	2019 (Rupees)
16. OPERATING AND OTHER EXPENSES			
Salaries, allowances and other benefits	16.1	8,014,615	7,989,430
Printing, stationary and periodicals		78,127	77,700
Utilities		224,763	223,208
Communication Expense		110,424	109,375
Rent, rates and taxes		332,400	233,500
Transaction charges		1,045,615	706,515
Fee and subscription		10,000	10,000
Computer Expense		361,576	234,780
Entertainment		390,463	74,630
Repair and Maintenance		54,055	35,330
Legal and Professional		589,285	606,478
Deprcciation		1,515,365	1,729,126
Auditor's remuneration		-	175,000
Bank Charges		918	1,176
Miscellaneous		344,199	81,197
		<u>13,071,804</u>	<u>12,287,444</u>

16.1 This includes directors remuneration amounting to Rs. 960,000.

17. OTHER INCOME

Capital Loss-Investment held for trading	-	-
Gain / (loss) on investment at fair value through profit and loss	5,299,804	(20,440,863)
Dividend Income	2,880,625	4,453,150
Return on Exposure	1,402,714	190,025
Other Income	1,060,944	1,010,590
	<u>10,644,087</u>	<u>(14,787,098)</u>

18. TAXATION

The Company has filed return for the tax year 2019. According to Income Tax Ordinance 2001, the return filed is deemed to be an assessment order unless modified by Commissioner of Income Tax.

Provision for taxation

- Current year	987,405	751,020
Prior year tax	101,321	746,388
- Deferred	-	-
Net tax charge	<u>1,088,726</u>	<u>1,497,408</u>

18.1 The company has deferred tax asset amounting to Rs.1.17million . However, as there is continuous losses on account of operating income therefore deferred tax asset has not been recorded.

Relationship between tax expense and accounting profit

Profit/(loss) before taxation	<u>9,858,110</u>	<u>(19,040,351)</u>
Tax at the applicable rate 29% (2019:29%)	2,858,852	(5,521,702)
Tax effect of income taxed under FTR	(1,182,933)	5,927,850
Tax effect of income taxed under lower rate of tax	(272,773)	(623,441)
Deffered tax asset not recognized	(415,741)	968,313
Prior year taxation	101,321	746,388
	<u>1,088,726</u>	<u>1,497,408</u>

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

19.1. Financial Instrument by Category

19.1.1 Financial Assets

2020			
At fair value through profit or loss account	At fair value through OCI	At Amortized Cost	Total
		4,020,000	4,020,000
	10,703,821		10,703,821
76,018,149			76,018,149
		1,800,234	1,800,234
		7,665,552	7,665,552
		90,884,762	90,884,762
76,018,149	10,703,821	104,370,548	191,092,518

2019			
At fair value through profit or loss account	At fair value through OCI	At Amortized Cost	Total
		4,020,000	4,020,000
	14,055,522		14,055,522
74,140,629			74,140,629
		2,209,533	2,209,533
		7,408,753	7,408,753
		85,272,558	85,272,558
74,140,629	14,055,522	98,910,844	187,106,995

19.1.2 Financial Liabilities at Amortized Cost

2020	
Amount	Total
Trade and other Payables	44,965,330
	44,965,330

2019	
Amount	Total
Trade and other Payables	48,875,448
	48,875,448

19.2 Financial risk management

The company primarily invests in marketable securities and are subject to varying degrees of risk.

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

19.2.1 Credit risk

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

Exposure to Credit risk

Credit risk of the company arises principally from the trade debts, investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The company did not allow credits to its customers and trade are executed on 100% margin.

Credit risk is minimised due to the fact that the company invest only in high quality financial assets, all transactions are settled/paid for upon delivery. The company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is as follows:

	2020	2019
	<i>Rupees</i>	
Long term deposits	4,020,000	4,020,000
Investment at Fair Value through other comprehensive income	10,703,821	14,055,522
Investment at Fair Value through Profit and Loss Account	76,018,149	74,140,629
Trade debts	1,800,234	2,209,533
Bank Balances	90,884,762	85,272,558
	<u>183,426,966</u>	<u>179,698,242</u>

19.2.2 Bank Balances

The Analysis below summarizes the credit quality of the company's bank balance:

	2020	2019
	<i>Rupees</i>	
AA+	81,889,536	76,042,472
AA-	8,938,750	-
A-	-	9,172,108
	<u>90,828,286</u>	<u>85,214,579</u>

19.2.3 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 dynamic nature of business.

	2020				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Trade and other payables	44,965,330	44,965,330	44,965,330	-	-
	<u>44,965,330</u>	<u>44,965,330</u>	<u>44,965,330</u>		

	2019				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Trade and other payables	48,875,448	48,875,448	48,875,448	-	-
	<u>48,875,448</u>	<u>48,875,448</u>	<u>48,875,448</u>		

On the balance sheet date, the company has cash and bank balances of Rs.90.8 million (2019: 85 million) and investments of Rs 86 million (2019: 88 million) for repayment of liabilities.

19.2.4 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 change in credit rating of the issuer or the instrument, 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 other price risk.

Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently there is no currency risk as all financial assets and liabilities are in PKR.

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 risk. The company is not exposed to interest rate risk as there is no interest based liability or asset.

Other price risk

Other price risk is the risk that 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 factor affecting all or similar financial instrument traded in the market.

The company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The company manages the equity price through diversification and all instruments are made through surplus funds.

The company is exposed to other price risk on investment in listed shares. The company manages the risk through portfolio diversification, as per recommendation of Investment committee of the company. The committee regularly monitors the performance of investees and assess the financial performance on on-going basis.

The 10 percent increase/(decrease) in market value of these instruments with all other variables held constant impact on profit and loss account of the company is as follows:

	Before Tax	
	10% Increase	10% Decrease
as at 30th June 2020	7,601,815	(7,601,815)
as at 30th June 2019	7,414,063	(7,414,063)

19.3 Fair value of Financial instruments

The Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

The company only hold listed assets amounting to Rs 86 million (2019: 88 million) that are recorded at quoted price.

20 Capital risk management

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

21 CAPITAL ADEQUACY LEVEL

Total Assets	207,120,772	205,613,207
Less: Total Liabilities	(44,965,330)	(48,875,448)
Less: Revaluation Reserves	-	-
Capital Adequacy Level.	162,155,441	156,737,759

While determining the value of total assets of TREC holder, the Notional value of the TREC held by Mayari Securities (Private) Limited as at year ended 30th June 2020 determined by Pakistan Stock Exchange has been considered.

21.1 NET CAPITAL BALANCE AND LIQUID CAPITAL BALANCE

21.1.1 Net Capital Balance As At 30th June 2020

DESCRIPTION	VALUATION BASIS	VALUE
<i>CURRENT ASSETS</i>		
Cash in hand	As per book value	56,476
Cash at bank	Bank balances pertaining to house	45,904,322
	Bank balances pertaining to client	44,923,964
		90,828,286
Deposits against exposure and losses	As per book value	7,665,553
Trade Receivable	Book Value	1,800,234
	Less: overdue for more than 14 days	(525,957)
		1,274,277
Investment in Listed Securities in the name of broker	Market value	60,324,209
	Less: 15% discount	(9,048,631)
		51,275,578
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received	502,831
		151,603,000
<i>CURRENT LIABILITIES</i>		
Trade Payable	Book value	44,923,978
	Less: Overdue for more than 30 days	(28,072,011)
		16,851,967
Other liabilities	Overdue for more than 30 days	28,072,011
	As classified under the generally accepted accounting principles.	41,352
		28,113,363
		44,965,330
Net Capital Balance As At 30th June 2020		106,637,670

21.1.2

Liquid Capital Balance As At 30th June 2020

	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
A. Assets				
1.1	Property & Equipment	11,741,604	11,741,604	-
1.2	Intangible Assets	2,500,000	2,500,000	-
1.3	Investment in Govt. Securities (150,000*99)	-	-	-
Investment in Debt Securities				
If listed then:				
	i. 3% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years	-	7.50%	-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
If unlisted then:				
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
Investment in Equity Securities				
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	60,324,209	9,404,401	50,919,808
	ii. If unlisted, 100% of carrying value.	-	-	-
1.5	iii. Subscription money against investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
	iv. 100% Haircut shall be applied to Value of investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 15, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	-	-
1.6	Investment in subsidiaries	-	100.00%	-
Investment in associated companies/undertaking				
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
1.7	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	4,020,000	4,020,000	-
1.9	Margin deposits with exchange and clearing house.	7,000,000	-	7,000,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	-	100.00%	-
	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
1.12	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivables.	-	-	-
	Amounts receivable against Repo financing.	-	-	-
1.14	Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-
1.15	Receivables other than trade receivables	-	100.00%	-
Receivables from clearing house or securities exchange(s)				
	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including NBMGains.	-	-	-
1.16	ii. Receivable on entitlements against trading of securities in all markets including NBMGains	665,552	0	665,552
Receivables from customers				
	i. In case receivables are against margin financing, the aggregate of (i) value of securities held in the blocked account after applying VaR based Haircut, (ii) cash deposited as collateral by the borrower (iii) market value of any securities deposited as collateral after applying VaR based haircut.	-	-	-
	(i. Lower of net balance sheet value or value determined through adjustments.	-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value.	-	5.00%	-
	iii. Net amount after deducting haircut	-	-	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract.	-	-	-
	iv. Net amount after deducting haircut	-	-	-
1.17	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	447,470	-	447,470
	v. Balance sheet value	-	-	-
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VaR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.	1,352,765	114,724	1,238,041
	vi. Lower of net balance sheet value or value determined through adjustments	-	-	-
	vi. 100% haircut in the case of amount receivable from related parties.	-	100.00%	-
Cash and Bank balances				
	i. Bank Balance-proprietary accounts	45,904,522	-	45,904,522
	ii. Bank balance-customer accounts	44,923,984	-	44,923,984
	iii. Cash in hand	56,476	-	56,476
1.19	Total Assets	178,936,340	27,810,724	151,125,616
B. Liabilities				
Trade Payables				
	i. Payable to exchanges and clearing house	-	-	-
2.1	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers.	44,923,978	-	44,923,978

	Current liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Sundry and other payables	41,502	-	41,351
	iii. Short-term borrowings	-	-	-
2.2	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	w. Deferred Liabilities	-	-	-
	vi. Provision for bad debts	-	-	-
	vii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	Non-Current Liabilities			
2.3	i. Long Term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	Subordinated loans	-	-	-
	100% of subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	-	-	-
2.5	Total Liabilities	44,965,530	-	44,965,530
3.1	Concentration in Margin Financing The amount calculated client-to-client basis, by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
3.2	Concentration in securities lending and borrowing The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3	Net underwriting Commitments (a) in the case of right issue: If the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments; and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting (b) in any other case: 12.5% of the net underwriting commitments	-	-	-
3.4	Negative equity of subsidiary The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	Foreign exchange agreements and foreign currency positions 5% of the net position in foreign currency, net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount payable under REPO	-	-	-
3.7	Repo adjustment In the case of financier/purchaser the total amount receivable under Repo less the 120% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
3.8	Concentrated proprietary positions If the market value of any security is between 25% and 5% of the total proprietary positions then 5% of the value of such security, if the market of a security exceeds 5% of the proprietary position then 10% of the value of such security	-	-	-
3.9	Opening positions in futures and options i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	3,042,358	-	3,042,358
3.10	Short sell positions i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VaR based Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VaR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Banking Liabilities	3,042,358	-	3,042,358
3.12	Liquid Capital	135,928,672	27,810,729	103,117,943

22. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

There were no significant impact on assets, liabilities, income and expenses of the company due to covid. Nor, it effects the company ability to continue as a going concern.

23. Transactions and Balances with Related Parties

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

Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

	2020	2019
Remuneration to Directors	<u>960,000</u>	<u>1,080,000</u>
	<u>960,000</u>	<u>1,080,000</u>

24. NUMBER OF EMPLOYEES

	2020 (Number of employees)	2019 (Number of employees)
Total number of employees at 30th June.	<u>12</u>	<u>13</u>

25. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on 28 SEP 2020 by the Board of Directors of the company.

26. GENERAL

Figures have been rearranged and reclassified wherever necessary, for the purpose of comparison and have been rounded off to the nearest Rupee.



Chief Executive



Director