MRA Securities Limited

Financial Statements

For the year ended June 30, 2019

MRA Securities Limited

TREC HOLDER: PAKISTAN STOCK EXCHANGE LIMITED

HEAD OFFICE: Room # 738-741 7th Floor Stock Exchange Building Karachi
Phones : 32410136-40, 32414112-13 Fax : 32460708

Directors' Report:

Dear Member(s)

I am pleased to present the audited Financial Statements of Company on behalf of the vigilant Board of Directors for the year ended June 30 2019.

Economic Review:

As you aware Pakistan's economy facing internal and external multidimensional issues, however, by the grace of God most critical and time sensitive tasks are on right track due to which economy will strengthen in near future. We all witnessed that the friendly countries and IMF bailout programs will be reinforced country's economy to be successful and achieved remarkable tasks.

I have high hope the Pakistan's Capital Market will be performed well as the volume gradually increasing and investors' confidence established. We remain Pakistan's economy will stronger in long term outlook for the shareholders and growth strategy in under the umbrella of Rules and regulations.

Equity Market Performance:

Since two consecutive years Equity Market 100 index was down, due to the reason return were negative. The depressing performance of the Equity Market is attributed to declining for many causes has effected on economic growth and corporate profitability.

Operational Results:

	2019.	2018.
	[Rupees]	
Operating Revenue	277,732,292	226,253,609
Operating Expenses	(220,363,522)	(160,852,638)
Operating Profit / Loss	**57,368,769**	**65,400,971**
Profit/Loss before Tax	**82,669,458**	**147,378,102**
Taxation	(50,055,896)	(90,609,772)
Profit/Loss after Tax	**32,613,561**	**56,768,330**
Earning/Loss per share	**0.57**	**1.42**

Bonus Shares:

Looking ahead the competent Board of Directors has decided, to issue of bonus shares @ 44.23% and pass the following resolution as an Ordinary Resolution:

Material Changes and Commitments:

The vigilant Board of Directors has made some changes on high level management which can have significant impact on the status of the company and operations.

Internal Control:

The Board states that there are adequate Internal Controls in the company for ensuring smooth working and operations under the law for the growth of organization.

Corporate Governance:

The company has not been involved in any unethical practice and has complied with all the compliance related to Rules and Regulations under the guidance of Securities and Exchange Commission of Pakistan.

Directors Responsibility Statements:

The Board of Directors, to the best of their knowledge and ability confirm that:

1. In the preparation of the annual accounts for the year ended June 30 2019, the applicable accounting standards set out under the applicable Laws.

2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company and of the profit of the Company for the year ended June 30 2019

3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of investors and the Company.

4. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.

5. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

The Board Policy of Employees of the company:

Employees are key assets of our company and the company invests continuously in impairing latest technology skills together with a range of soft skills to help them to do extremely well in their roles. Your company has strong Management System along with a formal talent management process to support employee careers for future leadership and create high performance of work force.

During the year there has not been any issue hanging related to equity or funds in accordance to the strict policy maintained by the management.

The company is committed to provide healthy environment and does not tolerate any discrimination or harassment in any form.

During the year under review the Board has taken particular decision and announced midterm increment in remuneration to meet social requirement of employees and day to day increasing inflation.

Auditors:

A securities broker shall have its statutory audit conducted by Messrs Nasir, Jawed, Maqsood, Imran, Chartered Accountants being eligible, their services for the ensuring year.

For and On behalf of the Board of Directors

Chief Executive Officer

MRA SECURITIES LIMITED PSX-194

Director

Karachi, Dated ....

njmi

NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

OFFICE # 914, AL-HAFEEZ HEIGHTS, 65-D/1,
GHALIB ROAD, GULBERG III, LAHORE.
Tel: +92 (0) 42-35754821-22
Email: nasirgulzar@njmi.net

INDEPENDENT AUDITOR'S REPORT

To the members of MRA Securities Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **MRA Securities Limited (the Company)**, which comprise the statement of financial position as at **June 30, 2019** and 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 (the financial statements), and we state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose 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 the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **June 30, 2019** and of the profit or loss and other comprehensive income or 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.

Offices also at:

KARACHI: OFFICE # 807, 8TH FLOOR, Q.M. HOUSE, PLOT NO. 11/2, ELLANDER ROAD, OPP. SHAHEEN COMPLEX, OFF. I.I. CHUNDRIGAR ROAD, KARACHI - PAKISTAN.
Tel: +92(0)21-32212382, +92(0)21-32212383, +92(0)21-32211516
Fax: +92(0)21-32211515 Email: khi@njmi.net

ISLAMABAD: OFFICE # 12 & 13, 3RD FLOOR, FAZAL ARCADE, F-11 MARKAZ, ISLAMABAD, PAKISTAN.
Tel: +9251-2228138, Fax: +9251-2228139, Email: islamabadoffice@njmi.net

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors are responsible for overseeing the Company`s financial reporting process.

Auditor`s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 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 controls 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.

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) no Zakat 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 Nasir Gulzar.

NASIR JAVAID MAQSOOD IMRAN CHARTERED ACCOUNTANTS LAHORE

Nasir Javaid Maqsood Imran

NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

Dated: 05 OCT 2019
Lahore

MRA SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	Rupees 2019	Rupees 2018
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	36,907,722	29,481,217
Intangible assets	5	2,500,000	2,500,000
Long term investment *at fair value through other comprehensive income*	6	14,055,522	29,793,332
Investment property	7	5,454,880	6,060,978
Long term advances & deposits	8	1,910,000	1,910,000
		60,828,124	69,745,527
CURRENT ASSETS			
Trade receivables	9	138,434,149	208,191,744
Receivable against margin financing	10	333,687,270	429,332,908
Advances, deposits, pre-payments & other receivables	11	375,229,354	557,337,615
Short term investments	12	511,730,896	134,081,616
Cash & bank balances	13	21,219,440	28,768,108
		1,380,301,109	1,357,711,991
TOTAL ASSETS		1,441,129,233	1,427,457,518
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
100,000,000 (2018: 40,000,000) ordinary shares of Rs. 10/- each		1,000,000,000	400,000,000
Issued, subscribed and paid-up capital	14	750,000,000	400,000,000
Reserves		99,891,181	304,575,679
		849,891,181	704,575,679
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term loan	15	50,000,000	-
CURRENT LIABILITIES			
Short term running finance - secured	16	345,593,203	356,971,037
Trade payables	17	178,920,131	343,769,546
Accrued expenses & other liabilities	18	16,724,718	22,141,256
		541,238,052	722,881,839
CONTINGENCIES AND COMMITMENTS	19	-	-
TOTAL EQUITY AND LIABILITIES		1,441,129,233	1,427,457,518

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Executive

Director

MRA SECURITIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	Rupees 2019	Rupees 2018
REVENUE			
Operating revenue	20	333,850,176	253,468,428
Capital gain on sale of securities		4,449,595	22,487,397
Unrealised loss on remeasurement of investment at fair value - through profit or loss		(60,567,479)	(16,906,943)
		277,732,292	259,048,882
Administrative expenses	21	(188,248,710)	(151,796,545)
Finance cost	22	(32,114,812)	(9,056,093)
		(220,363,522)	(160,852,638)
Operating profit		57,368,769	98,196,243
Other charges	23	-	(2,500,000)
Other income	24	25,300,688	51,681,858
Profit before taxation		82,669,458	147,378,102
Taxation	25	(50,055,896)	(90,609,772)
Profit after taxation		32,613,561	56,768,330
Earnings per share - basic	26.1	0.57	1.42

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Executive **Director**

MRA SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	Rupees 2019	Rupees 2018
Profit after taxation		32,613,561	56,768,330
Other comprehensive income for the year			
Unrealised loss on remeasurement of investment - At fair value - through other comprehensive income		(7,298,060)	(14,592,661)
Total comprehensive income for the year		**25,315,502**	**42,175,669**

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Executive

Director

MRA SECURITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	Rupees 2019	Rupees 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**82,669,458**	**147,378,102**
Add / (Less) : Items not involved in movement of fund:			
Depreciation		5,558,578	5,422,963
Capital gain on sale of securities		(4,449,595)	(22,487,397)
Loss on remeasurement of investments		60,567,479	16,906,943
Gain on disposal of vehicles		(8,408,919)	(132,506)
Impairment loss		-	2,500,000
Finance costs		32,114,812	9,056,093
		85,382,355	11,266,096
Cash generated from operating activities beforeworking capital changes		**168,051,812**	**158,644,198**
Net change in working capital	(a)	(257,038,033)	(57,283,121)
		(88,986,220)	**101,361,077**
Financial charges paid		(27,063,755)	(7,722,309)
Gratuity paid		-	(480,000)
Taxes paid		(52,279,016)	(77,574,392)
Net cash (used in) / generated from operating activities		**(168,328,991)**	**15,584,376**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(22,957,057)	(3,784,200)
Proceeds from disposal of property and equipment		16,675,465	5,685,000
Proceeds from disposal of shares of LSE Financial Services Limited		8,439,750	-
Long term advances & deposits		-	10,504,809
Net cash generated from investing activities		**2,158,158**	**12,405,609**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of share capital		120,000,000	125,000,000
Proceeds from / (Repayment of) long term loan		50,000,000	(332,880,000)
Net cash generated from / (used in) financing activities		**170,000,000**	**(207,880,000)**
Net increase / (decrease) in cash and cash equivalents		**3,829,167**	**(179,890,015)**
Cash and cash equivalent at beginning of the year		(328,202,930)	(148,312,915)
Cash and cash equivalent at end of the year	27	**(324,373,763)**	**(328,202,930)**
(a) Statement of change in working capital			
(Increase) / decrease in current assets			
Trade receivables		69,757,595	(45,575,371)
Receivable against margin financing		95,645,638	195,523,870
Advances, deposits, pre-payments & other receivables		184,331,381	190,871,488
Short term investments		(433,767,164)	(56,053,100)
		(84,032,550)	**284,766,886**
Increase / (decrease) in current Liabilities			
Trade payables		(164,849,415)	81,870,540
Short term loan		-	(304,695,289)
Accrued expenses & other liabilities		(8,156,068)	(119,225,258)
		(173,005,483)	**(342,050,007)**
Net change in working capital		**(257,038,033)**	**(57,283,121)**

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Executive

Director

MRA SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

		Reserves			
	Issued, subscribed & paid up capital	Unappropriated profit	Unrealised gain on remeasurement of investment at fair value-through other comprehensive income	Sub Total	Total
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Balance as at June 30, 2017	**275,000,000**	**237,265,708**	**25,134,303**	**262,400,010**	**537,400,010**
Issue of share capital	125,000,000			-	-
Profit for the year	-	56,768,330	-	56,768,330	56,768,330
Transfer to statement of profit or loss on account of disposal of investment - At fair value - through comprehensive income	-	-	(8,181,181)	(8,181,181)	(8,181,181)
Loss on remeasurement of investment - At fair value - through other comprehensive income	-	-	(6,411,480)	(6,411,480)	(6,411,480)
Balance as at June 30, 2018	400,000,000	294,034,038	10,541,642	304,575,679	704,575,679
Issue of share capital	120,000,000	-	-	-	120,000,000
Bonus shares	230,000,000	(230,000,000)		(230,000,000)	-
Profit for the year	-	32,613,561	-	32,613,561	32,613,561
Loss on remeasurement of investment at fair value - through other comprehensive income	-	-	(7,298,060)	(7,298,060)	(7,298,060)
Balance as at June 30, 2019	750,000,000	96,647,599	3,243,582	99,891,181	849,891,181

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Executive

Director

MRA SECURITIES LIMITED
NOTES TO THE ACCOUNTS

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

MRA Securities Limited (the Company) was incorporated in August 17, 2000 as a private limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 739-741, 7th Floor, Stock Exchange Building, Stock Exchange Road, Karachi, Pakistan. The company is engaged in the business of financial consultancy, brokerage, underwriting and investment counselling. It is a Trading Right Certificate Holder of the Pakistan Stock Exchange Limited. The branch offices are situated at;

- Room No. 701-703, 7th Floor, New Stock Exchange Building. Karachi
- Room No. 535-536, 5th Floor , Stock Exchange Building, Karachi
- Room No. 424-425, 4th Floor, Stock Exchange Building, Karachi.
- Room No. 608-609, 6th Floor, New Stock Exchange Building, Karachi
- A-356, Sector 11-B, New Disco More, North Karachi, Karachi
- Room No. 409, 4th Floor, Stock Exchange Building, Karachi

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), 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. Preparation of financial statements also include disclosure required by Securities Brokers (Licensing and Operations) Regulations, 2016.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for derivatives and investments. Statement of cash flow has been presented on cash basis.

2.3 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 Rupee, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.5 New or Amendments / interpretations to existing standards, interpretation and forth coming requirements:

There are new and amended standards interpretations that are mandatory for accounting periods beginning 01 July, 2018 other than those disclosed in note 3.1 are considered not to be relevant or do not have any significant effect on the company's financial statements and are therefore not stated in these financial statements.

2.6 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July, 2019.

- Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 January 2019). For a debt instrument to be eligible for measurement at amortized cost of FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortized cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have material impact on Company's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transaction Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability represneting its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. Management is not expecting any impact of the standard on Company's financial reporting.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments are not likely to have an impact on Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficuties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transaction in the future and therefore would not have an impact on past financial statements.

- Amendment to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies. Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standard. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Acconting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework, primarily serves as a tool for the IASB to develop standards and to assits the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to arystalize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

Annual improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increase its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale. The above improvements to standards are not likely to have material / significant impact on Company's financial statements.

The above improvements to standards are not likely to have material / significant impact on Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the significant accounting policies consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

3.1 Changes in significant accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.1.1 IFRS 15 'Revenue from Constracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the financial statements of the Company as Brokerage Commission from Customers is recognized on origination of invoice to Customers when the related services are rendered.

3.1.2 IFRS 9 ' Financial Instruments'

IFRS 9 replaced the provisions of IAS 39, 'Financial Instruments: Recognition and Measurement 'that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting, Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting polices are set out below.

i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); and
- measured at amortized cost

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- 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 on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL.

- 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 principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured amortized cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction cost that are directly attributable to its acquisition.

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 30 June 2018 and 01 July 2017.

As at 30 June 2018	*Original classification under IAS 39*	*New Classification under IFRS 9*	*Original Carrying Amount Rupees*	*New Carrying Amount Rupees*
Long term investment	Available for sale	At fair value - through other comprehensive - income	29,793,332	29,793,332
Short term investment - Other Equity investment	Held for trading	At fair value - through profit or loss	134,081,616	134,081,616
Long term deposits	Loans and receivables	Amortized cost	1,910,000	1,910,000
Trade receivables	Loans and receivables	Amortized cost	208,191,744	208,191,744
Receivable against margin financing	Loans and receivables	Amortized cost	429,332,908	429,332,908
Other advances	Loans and receivables	Amortized cost	2,000,000	2,000,000
Exposure deposit	Loans and receivables	Amortized cost	388,374,908	388,374,908
Other receivables	Loans and receivables	Amortized cost	2,572,135	2,572,135
Cash and bank balances	Loans and receivables	Amortized cost	28,768,108	28,768,108
Total			1,225,024,750	1,225,024,750

As at 01 July 2017	*Original classification under IAS 39*	*New Classification under IFRS 9*	*Original Carrying Amount Rupees*	*New Carrying Amount Rupees*
Long term investment	Available for sale	At fair value - through other comprehensive - income	49,603,583	49,603,583
Short term investment - Other Equity investment	Held for trading	At fair value - through profit or loss	67,230,470	67,230,470
Long term deposits	Loans and receivables	Amortized cost	12,414,809	12,414,809
Trade receivables	Loans and receivables	Amortized cost	162,616,373	162,616,373
Receivable against margin financing	Loans and receivables	Amortized cost	624,856,778	624,856,778
Advances to staff	Loans and receivables	Amortized cost	-	-
Exposure deposit	Loans and receivables	Amortized cost	557,077,095	557,077,095
Other receivables	Loans and receivables	Amortized cost	26,741,436	26,741,436
Cash and bank balances	Loans and receivables	Amortized cost	12,603,212	12,603,212
Total			1,513,143,756	1,513,143,756

ii) Impairment

IFRS 9 replaces the 'incurrred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, raither than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies for financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instrument.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL, on adoption of IFRS 9.

3.2 Property and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit and loss account during the year in which they are incurred.

Disposal of an item of property, plant and equipment is recognized when significant risks and rewards incidental to ownership have been transferred. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within 'Other operating expenses/income in the profit and loss account.

Depreciation is charged to profit and loss account applying the reducing balance method.

Depreciation is charged when asset is available for use until asset is disposed off.

3.3 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using reducing balance method over assets estimated useful life, after taking into accounts residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at 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 off.

Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

3.3.1 Trading Right Entitlement Certificate

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.3.2 Pakistan Mercantile Exchange - Membership card

Membership card represents corporate membership of Pakistan Mercantile Exchange with indefinite useful life. This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether this is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, this is written down to its estimated recoverable amount.

3.3.3 Computer software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through reducing balance method.

3.3.4 Amortization

Amortization is charged from the month in which the related asset is available for use while no amortization is charged for the month in which such asset is disposed off.

3.4 Investment property

Property that is held for long-term rental yields or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes, is classified as investment property. Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expenses when incurred.

3.5 Financial Instruments

3.5.1 Initial Measurement of financial assets

The Company classifies its financial assets in to following three categories:

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

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its applicable.

Subsequent Measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / markcup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in ohter comprehensive income are reclassified the statement of profit or loss account.
Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss account.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in statement profit or loss account.
Financial assets measured at amortized cost	These assets are subsequently measured at authozied cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss account.

3.5.2 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'At Fair Value - Through Profit or Loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.6 Impairment

3.6.1 Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and quantitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial assets has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirely or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.6.2 Impairment of non-financial assets

The carrying amout of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an assets or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized to the statement of profit or loss.

3.7 Derecognition

3.7.1 Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfer the financial assets and substantially all the associated risks and reward of ownership to another entity. On derecognition of financial assets measured at amortized cost, the difference between the assets carrying value and the sum of the consideration received and receivable recognised in statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve reclassified to statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to statement of profit or loss, but is transferred to statement of changes in equity.

3.7.2 Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit or loss.

3.8 Investments

Investment in Shares of Pakistan Stock Exchange (PSX) are classified as "At Fair Value - through Other Comprehensive Income" and is initially measured at cost and subsequently is measured at fair value determined using the market value at each reporting date. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Investment in Listed Shares are classified as "At Fair Value - Through Profit or Loss" and is initially measured at cost and subsequently is measured at fair value determined using the market value at each reporting date. Net gains and losses, including any interest / markup or dividend income, are recognized in statement profit or loss.

3.9 Settlement date accounting

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention wuch as 'T+2' purchases and sales are recognized at the settlement date. Trade date is the date on which the Company commits to purchase or sale an asset.

3.10 Off-setting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements if, and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.11 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off. Actual credit loss experience over past years is used to base the calculation of expected credit loss (ECL)Trade Receivables in respect of securities sold on behalf of client are recorded at settlement date of transaction.

3.12 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the Company and accordingly are not included in these financial statements.

3.13 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.14 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.15 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 recognized in the financial statements in the period in which such dividends and transfers are approved.

3.16 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method. Trade payables in respect of securities purchased are recorded at settlement date of transaction.

These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3.17 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

i) Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

ii) Deferred

Deferred tax is recognized using balance sheet liability method, providing for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.18 Provisions

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

3.19 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

3.20 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage, consultancy, advisory fee and commission etc. are recognized as and when such services are
- Income from bank deposits, reverse repo and margin deposits is recognized at effective yield on time
- Dividend income is recorded when the right to receive the dividend is established.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account for the period in which they arise.
- Rental income from investment properties is recognized on accrual basis.
- Other/miscellaneous income is recognized on receipt basis.
- Income on financial assets (including margin financing) is recognised on time proportionate basis taking into account effective / agreed rate of the instrument.
- Unrealised gains / (losses) arising from mark to market of investments classified as 'available for sale' are taken directly to other comprehensive income.
- Gains / (losses) arising on revaluation of derivatives to fair value are taken to profit and loss account under other income / other expenses.

3.21 Operating and administrative expenses

These expenses are recognized in statement of profit or loss upon utilization of the services or as incurred except for specifically stated in the financial statements.

3.22 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

3.23 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and conditions as third party transactions using valuation models, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

4 PROPERTY AND EQUIPMENT

	Offices	Office equipments	Computer equipments	Furniture & fixtures	Motor vehicle	Total
	(Rupees)	*(Rupees)*	*(Rupees)*	*(Rupees)*	*(Rupees)*	*(Rupees)*
Net carrying value basis						
Year ended June 30, 2019						
Opening net book value (NBV)	13,472,105	2,405,785	1,695,681	4,435,114	7,472,533	**29,481,218**
Additions (at cost)	22,159,225	403,942	302,581	91,309	-	**22,957,057**
Disposals (at NBV)	(3,105,540)	-	-	-	(7,472,533)	**(10,578,073)**
Depreciation charge	(3,252,579)	(421,459)	(599,479)	(678,963)	-	**(4,952,480)**
Closing net book value (NBV)	**29,273,211**	**2,388,268**	**1,398,783**	**3,847,460**	-	**36,907,722**
Gross carrying value basis						
As at June 30, 2019						
Cost	34,552,221	8,965,643	11,976,455	7,414,305	-	**62,908,624**
Accumulated depreciation	(5,279,010)	(6,577,375)	(10,577,672)	(3,566,845)	-	**(26,000,902)**
Net book value (NBV)	**29,273,211**	**2,388,268**	**1,398,783**	**3,847,460**	-	**36,907,722**
Net carrying value basis						
Year ended June 30, 2018						
Opening net book value (NBV)	11,321,906	2,693,235	2,422,401	5,217,781	14,343,709	**35,999,032**
Additions (at cost)	3,647,100	137,100	-	-	-	**3,784,200**
Disposals (at NBV)	-	-	-	-	(5,552,494)	**(5,552,494)**
Depreciation charge	(1,496,901)	(424,550)	(726,720)	(782,667)	(1,318,682)	**(4,749,521)**
Closing net book value (NBV)	**13,472,105**	**2,405,785**	**1,695,681**	**4,435,114**	**7,472,533**	**29,481,217**
Gross carrying value basis						
As at June 30, 2018						
Cost	16,652,996	8,561,701	11,673,874	7,322,996	16,912,187	**61,123,754**
Accumulated depreciation	(3,180,891)	(6,155,916)	(9,978,193)	(2,887,882)	(9,439,654)	**(31,642,537)**
Net book value (NBV)	**13,472,105**	**2,405,785**	**1,695,681**	**4,435,114**	**7,472,533**	**29,481,217**
Annual rates of depreciation (%)	**10**	**15**	**30**	**15**	**15**	

	Notes	Rupees 2019	Rupees 2018

4.1 Particulars of disposal of property and equipment are as follows:

Particulars	Cost	Book value	Sales proceed	Gain on disposal	Mode of disposal	Particulars of buyer
Offices	4,260,000	3,105,540	11,000,000	7,894,460	Negotiations	Royal Securities (Private) Limited
Vehicles	1,200,000	867,000	827,009	(39,991)	Negotiations	Mirza Muhammad Baig
Vehicles	5,650,000	4,082,125	4,087,000	4,875	Negotiations	Mr. Tabish
Vehicles	1,030,000	744,175	950,000	205,825	Negotiations	Mr. Shahid
Vehicles	2,500,000	1,806,250	2,150,000	343,750	Negotiations	Vehicle Showroom
	14,640,000	**10,605,090**	**19,014,009**	**8,408,919**		

5 INTANGIBLE ASSETS

	Notes	2019	2018
Trading Right Entitlement Certificates - Pakistan Stock Exchange Limited	5.1	2,500,000	5,000,000
Less: Impairment loss	5.2	-	(2,500,000)
		2,500,000	**2,500,000**

5.1 This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act). The Company has also received shares of PSX after completion of the demutualization process.

5.2 On November 10, 2017, Pakistan Stock Exchange Limited vide notice no. PSX/N-7178, has revised the notional value of TREC from Rs. 5 million to Rs. 2.5 million.

6 LONG TERM INVESTMENT

Quoted

At fair value through other comprehensive income

	Notes	2019	2018
Investment in shares of Pakistan Stock Exchange Limited	6.1	21,353,582	41,163,833
Transfer to short term investment			(13,398,771)
		21,353,582	27,765,062
Loss on remeasurement of investment at fair value - through other comprehensive income		(7,298,060)	(6,411,480)
		14,055,522	**21,353,582**
Un quoted			
Shares of LSE Financial Services Limited	6.2	8,439,750	8,439,750
Less: Disposal of shares of LSE Financial Services Limited		(8,439,750)	
		-	8,439,750
		14,055,522	29,793,332

MRA SECURITIES LIMITED
NOTES TO THE ACCOUNTS

	Notes	Rupees 2019	Rupees 2018

6.1 This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Company in pursuance of the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. Due to restriction on sale, 1,081,194 shares has been classified as long term investments.

6.2 This represents the investment in 843,975 unquoted ordinary shares of M/s. LSE Financial Services Limited at allocated cost of Rs. 10 per ordinary share.

7 INVESTMENT PROPERTY

	Notes	Rupees 2019	Rupees 2018
Opening net book value (NBV)		6,060,978	6,734,420
Additions (at cost)		-	-
Disposals (at NBV)		-	-
Depreciation charge		**(606,098)**	**(673,442)**
		5,454,880	**6,060,978**

7.1 Investment property comprises of offices situated at Karachi, and are mortgage by bank against short term borrowings.

Annual rate of depreciation (%)		**10**	**10**

8 LONG TERM ADVANCES & DEPOSITS

	Notes	Rupees 2019	Rupees 2018
Pakistan Stock Exchange Limited		110,000	110,000
National Clearing Company of Pakistan Limited		1,700,000	1,700,000
Central Depository Company of Pakistan Limited		100,000	100,000
		1,910,000	**1,910,000**

9 TRADE RECEIVABLES

	Notes	Rupees 2019	Rupees 2018
Considered good	**9.1**	143,279,539	208,191,744
Considered doubtful		-	-
		143,279,539	**208,191,744**
Allowance for expected credit loss	**9.2**	(6,139,740)	-
		137,139,800	**208,191,744**
From clearing house		**1,294,349**	-
		138,434,149	**208,191,744**

9.1 This includes trade receivable of Rs. 13,450,726 (2018: Rs. 19,928,922) from related party of the Company.

9.2 Allowance for expected credit loss

	Notes	Rupees 2019	Rupees 2018
Opening balance			-
Allowance for expected credit loss	**9.1.1**	6,139,740	-
Closing balance		**6,139,740**	-

9.2.1 Aging analysis

	Rupees 2019	Rupees 2018
Upto 90 days	127,794,583	192,675,369
More than 90 but upto 180 days	4,890,539	4,578,107
More than 180 but upto 360 days	4,454,678	5,390,390
More than 360 days	6,139,740	5,547,877
	143,279,539	**208,191,744**

9.2.2 Due from related parties which are not impaired and their maximum amount outstanding at any time during the year calculated with reference to month end balances are as follows:

Name of related party	Amount due	Maximum amount outstanding at any time during the year
	2019	2019
	--------Rupees--------	
Muhamamd Farhan	13,450,726	18,441,468
Hina Farhan	-	
Ahmed Rafiq	-	12,041,158
Haji Muhammmad	-	5,052,041
Nabeel	-	256,919
	13,450,726	35,791,586

9.2.3 Aging analysis - related party

Name of related party	1 - 60 days	61 - 90 days	91 - 360	More than 360	Total gross
	--------Rupees--------				
Muhamamd Farhan	13,450,726	-	-	-	13,450,726
Hina Farhan	-	-	-	-	-
Ahmed Rafiq	-	-	-	-	-
Haji Muhammmad	-	-	-	-	-
Nabeel	-	-	-	-	-
	13,450,726	-	-	-	13,450,726

9.3	Total value of securities pertaining to clients held in the Central Depository Company	1,105,901,120	3,894,704,412
9.4	Value of pledge securities of clients with National Clearing Company of Pakistan Limited	77,314,728	100,043,008
9.5	Value of pledge securities of clients with Financial institutions	364,624,798	342,861,618

9.6 *The securities are valued using market rate at the year end*

10 RECEIVABLE AGAINST MARGIN FINANCING

This amount is given as a Margin Fiancning (MF) to our clients through National Clearing Company of Pakistan Limited. This amount is secured against securities of clients held in house accounts under pledged status. The Company is financing on Financing Participation Ratio (FPR) of maximum 75% and charging markupupto the rate of 1 month KIBOR + 8%. The amount receivable against margin financing from clients amounting to Rs. 333,687,270/- (2018: 429,332,908).

11 ADVANCES, DEPOSITS, PRE-PAYMENTS & OTHER RECEIVABLES

	Note		
Exposure deposits	11.1	206,381,123	388,374,908
Loan to staff		95,000	-
Advance payment of tax		166,613,692	164,390,572
Advance against IPO		15,100	2,000,000
Other deposits		2,124,439	2,572,135
		375,229,354	557,337,615

11.1 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin in respect of trade in future and ready market. These deposits carry profit at rates ranging from 3.5% to 9.35% (30 June 2018: 2.75% to 3.6%) per annum.

MRA SECURITIES LIMITED
NOTES TO THE ACCOUNTS

	Notes	Rupees 2019	Rupees 2018
12 SHORT TERM INVESTMENT			
Investments at fair values through profit & loss			
Listed equity securities		572,298,375	150,988,559
Unrealised loss on remeasurement of investment at fair value - through profit or loss		(60,567,479)	(16,906,943)
Market value	12.1	**511,730,896**	**134,081,616**

12.1 Listed equity securities

30 June 2019	June 30, 2018			30 June 2019	June 30, 2018
Number of shares				*Market value in rupees*	
258,500	-	AGL	AGRITECH LIMITED	643,665	-
2,000	2,000	AHCL	ARIF HABIB CORPORATION LIMITED	49,420	69,280
60,500	-	ANL	AZGARD NINE LIMITED	582,010	-
5,000	-	ARPAK	ARPAK INTERNATIONAL INVESTMENT	47,750	-
1,195,000	10,000	ASC	AL SHAHEER CORPORATION LIMITED	15,057,000	272,500
50,000	119,500	ASL	AISHA STEEL MILLS LIMITED	460,000	1,884,515
51,500	-	ASTL	AMRELI STEELS LIMITED	1,269,990	-
1,100	-	ATBA	ATLAS BATTERY LIMITED	105,655	-
164,500	-	ATRL	ATTOCK REFINERY LIMITED	12,710,915	-
136,500	-	BGL	BALOCHISTAN GLASS LIMITED	547,365	-
361,500	155,000	BOP	BANK OF PUNJAB	3,307,725	1,870,850
85,000	104,500	BYCO	BYCO PETROLEUM LIMITED	544,850	1,274,900
2,500	-	CEPB	CENTURY PAPER AND BOARD MILLS	77,875	-
500	2,000	CHAS	CHASHMA SUGAR MILLS	19,000	92,000
49,500	-	CHCC	CHERAT CEMENT CO LIMITED	1,532,520	-
9,500	7,900	CPPL	CHERAT PACKAGING LIMITED	766,080	1,135,151
10,000	-	CSAP	CRESENT STEEL AND ALLIED PRODUCTS	377,800	-
20,000	-	DCL	DEWAN CEMENT LIMITED	156,200	-
20,000	-	DFML	DEWAN FAROOQUE MOTORS LIMITED	135,800	-
126,500	1,000	DGKC	D.G.KHAN CEMENT COMPANY LIMITED	7,152,310	114,490
188,000	160,000	DOL	DESCON OXYCHEM LIMITED	3,017,400	3,088,000
126,000	2,000	EFERT	ENGRO FERTILIZERS LIMITED	8,060,220	149,820
3,000	-	ENGRO	ENGRO CORPORATION LIMITED	796,800	-
140,000	140,000	EPCL	ENGRO POLYMER & CHEMICALS LIMITED	3,774,400	4,390,400
100	-	EXIDE	EXIDE PAKISTAN LIMITED	13,850	-
243,000	242,000	FCCL	FAUJI CEMENT CO LIMITED	3,822,390	5,529,700
85,000	-	FCEPL	FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED	4,958,050	-
72,500	26,000	FFBL	FAUJI FERTILIZER BIN QASIM LIMITED	1,321,675	1,003,600
15,000	1,000	FFC	FAUJI FERTILIZER CO LIMITED	1,308,000	98,890
144,500	-	FFL	FAUJI FOODS LIMITED	1,905,955	-
1,000	-	FLYNG	FLYING CEMENT CO LIMITED	13,560	-
500	2,000	FML	FEROZE1888 MILLS LIMITED	50,435	121,000
200	200	FTHM	FATEH TEXTILE	-	-
5,000	-	GATM	GUL AHMED TEXTILE MILLS LIMITED	235,600	-
31,000	-	GGGL	GHANI GLOBAL GLASS LIMITED	185,690	-
60,000	-	GGL	GHANI GASES LIMITED	458,400	-
500	-	GHGL	GHANI GLASS LIMITED	21,975	-
12,000	-	GLAXO	GLAXOSMITHKLINE PAKISTAN	1,143,960	-
95,000	-	GTYR	GENERAL TYRE & RUBBER & CO	4,893,450	-
3,831,900	**975,100**			**81,525,740**	**21,095,096**

MRA SECURITIES LIMITED
NOTES TO THE ACCOUNTS

12.1 Listed equity securities

30 June 2019	June 30, 2018			30 June 2019	June 30, 2018
Number of shares				*Market value in rupees*	
12,000	-	HASCOL	HASCOL PETROLEUM LIMITED	823,440	-
7,000	-	HBL	HABIB BANK LIMITED	792,820	-
5,000	-	HTL	HI-TECH LUBRICANTS LIMITED	138,300	-
2,802	-	HUBC	HUB POWER COMPANY LIMITED	220,658	-
302	-	HUBCR	HUB POWER COMPANY	-	-
47,500	-	ILP	INTERLOOP LIMITED	2,102,825	-
8,500	-	INIL	INTERNATIONAL INDUSTRIES LIMITED	655,095	-
85,500	28,500	ISL	INTERNATIONAL STEEL LIMITED	3,395,205	2,898,450
1	1	IVIBL	IVIBL	-	-
25,000	25,000	JOVC	J.O.V. & CO	-	-
280,000	280,000	JPGL	JAPAN POWER GENERATION LIMITED	-	-
200,000	-	JSCL	JAHANGIR SIDDIQUI AND CO LIMITED	2,164,000	-
318	318	JSLCFO	JSLCFO	-	-
110,000	-	KAPCO	KOT ADDU POWER COMPANY	4,001,800	-
1,983,000	-	KEL	K-ELECTRIC LIMITED	8,705,370	-
5,000	-	KOHC	KOHAT CEMENT CO LIMITED	262,650	-
25,000	-	KTML	KOHINOOR TEXTILE MILLS LIMITED	626,250	-
25,000	-	LOADS	LOADS LIMITED	377,750	-
174,500	275,500	LOTCHEM	LOTTE CHEMICAL LIMITED	2,661,125	3,294,980
2,000	-	LPL	LALPIR POWER LIMITED	26,000	-
49,000	1,000	LUCK	LUCKY CEMENT LIMITED	18,643,030	507,930
4,000	-	MERIT	MERIT PACKAGING LIMITED	119,080	-
89,000	-	MFL	MATCO FOODS LIMITED	2,404,780	-
582,000	31,500	MLCF	MAPLE LEAF CEMENT FACTORY LIMITED	13,903,980	1,598,310
69,500	-	MUGHAL	MUGHAL IRON & STEEL IND LIMITED	1,748,620	-
300,000	-	NBP	NATIONAL BANK OF PAKISTAN	10,098,000	-
69,500	7,500	NCL	NISHAT (CHUNIAN) LIMITED	2,433,890	356,100
15,200	-	NETSOL	NETSOL TECHNOLOGIES LIMITED	1,001,528	-
1,500	1,500	NML	NISHAT MILLS LIMITED	140,010	211,380
28,500	-	NRL	NATIONAL REFINERY LIMITED	3,233,895	-
565,500	402,000	NRSL	NIMIR RESINS LIMITED	2,997,150	4,060,200
299,200	6,500	OGDC	OIL & GAS DEVELOPMENT COMPANY	39,341,808	1,011,530
553,000	27,000	PAEL	PAK ELEKTRON LIMITED	11,071,060	957,420
416,500	111,000	PIBTL	PAKISTAN INT BULK TERMINAL LIMITED	3,515,260	1,259,850
372,000	7,500	PIOC	PIONEER CEMENT LIMITED	8,425,800	351,450
14,700	-	POL	PAKISTAN OILFIELDS LIMITED	5,966,583	-
159,500	61,500	POWER	POWER CEMENT LIMITED	1,025,585	513,525
147,500	500	PPL	PAKISTAN PETROLEUM LIMITED	21,303,425	107,450
51,500	-	PREMA	TA-TAHUR LIMITED	1,015,065	-
326,500	-	PRL	PAKISTAN REFINERY LIMITED	5,276,240	-
100,000	-	PSO	PAKISTAN STATE OIL LIMITED	16,963,000	-
1,919,806	807,259	PSX	PAKISTAN STOCK EXCHANGE LIMITED	24,957,478	15,943,365
7,493,000	2,298,000	PTC	PAKISTAN TELECOMMUNICATION CO	61,967,110	26,289,120
96,000	-	RPL	ROSHAN PACKAGES LIMITED	1,282,560	-
133,900	-	SEARL	THE SEARLE COMPANY LIMITED	19,624,384	-
100,000	-	SHEL	SHELL PAKISTAN LIMITED	18,246,000	-
37,500	-	SMCPL	SAFE MIX CONCRETE LIMITED	305,250	-
16,992,729	**4,372,078**			**323,963,859**	**59,361,060**

MRA SECURITIES LIMITED
NOTES TO THE ACCOUNTS

12.1 **Listed equity securities**

30 June 2019	June 30, 2018			30 June 2019	June 30, 2018
Number of shares				*Market value in rupees*	
297,500	3,500	SNGP	SUI NORTHERN GAS PIPELINE LIMITED	20,673,275	350,770
259,500	-	SPL	SITARA PEROXIDE LIMITED	4,977,210	-
320,500	77,500	SSGC	SUI SOUTHERN GAS COMPANY	6,627,940	2,543,550
146,000	53,000	STCL	SHABBIR TILES AND CERAMICS LIMITED	1,502,340	1,116,180
189,000	2,000	STPL	SIDDIQSONS TIN PLATE LIMITED	1,831,410	30,440
44,522	8,022	TREET	TREET CORPORATION	679,406	274,272
3,675,000	300,500	TRG	TRG PAKISTAN	60,123,000	8,606,320
1,000	-	TRIPF	TRI-PACK FILMS LIMITED	66,350	-
9,000	-	UBL	UNITED BANK LIMITED	1,326,420	-
783,274	10,000	UNITY	UNITY FOODS LIMITED	8,067,722	292,800
15,500	-	WAVES	WAVES SINGER PAKISTAN LIMITED	355,725	-
15,000	58,000	WTL	WORLDCALL TELECOM LIMITED	10,500	111,940
3,732,000	3,732,000	ZELP	ZEAL-PAK CEMENT LIMITED	-	-
-	67,000	CLOV	CLOVER PAKISTAN LIMITED	-	13,695,470
-	1,000	EFOODS	ENGRO FOODS LIMITED	-	89,060
-	4,069	EPCLR1	ENGRO POLYMER & CHEMICALS LIMITED-R1	-	35,889
-	54,000	FTMM	FIRST TREET MFG MODARABA	-	1,444,500
-	223,500	HWQS	HASEEB WAQAS SUGAR MILLS LIMITED	-	1,273,950
-	800,000	MACFL	MACPAC FILMS LIMITED	-	23,648,000
-	86,399	STPLR	SIDDIQSONS TIN PLATE LIMITED-R	-	112,319
9,487,796	**5,480,490**			**106,241,297**	**53,625,460**
30,312,425	**10,827,668**		**GRAND TOTAL**	**511,730,896**	**134,081,616**

12.2 Shares having market value of Rs. 430,658,822/- (2018: 83,014,650/-) are pledged as security with commercial banks, PSX and NCCPL against borrowings, base minimum capital and exposure requirements.

13 **CASH AND BANK BALANCES**

Cash in hand		102,158	72,540
Cash at bank - *current accounts*	13.1	21,117,282	28,695,568
		21,219,440	**28,768,108**

13.1 ***Bank balance pertains to:***

Clients	19,028,878	27,580,965
Brokerage House	2,088,404	1,114,603
	21,117,282	**28,695,568**

14 **ISSUED, SUBSCRIBED AND PAID UP CAPITAL**
Ordinary Shares of Rs. 10 /- each

2019	2018			
48,800,000	36,800,000	Ordinary shares of Rs. 10 each fully paid in cash	488,000,000	368,000,000
3,200,000	3,200,000	Ordinary shares of Rs. 10 each issued for consideration other than in cash.	32,000,000	32,000,000
23,000,000	-	Issuance of bonus shares	230,000,000	-
75,000,000	**40,000,000**		**750,000,000**	**400,000,000**

14.1 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

	Notes	Rupees 2019	Rupees 2018
15 LONG TERM LOAN - UNSECURED			
Loan from related party	15.1	50,000,000	-
		50,000,000	-

15.1 This represents unsecured interest free loan from Muhammad Junaid (Sponsor) to meet capital requirements of the company, which is repayable after a year.

	Notes	Rupees 2019	Rupees 2018
16 SHORT-TERM RUNNING FINANCE - SECURED			
From banking company	16.1	**345,593,203**	**356,971,037**

16.1 The Company has obtained short term running finance facilities from commercial banks to meet exposure and working capital requirements, amounting to Rs. 910 million (2018: 750 million). The mark-up charged on these facilities ranges from 3 months KIBOR + 2.00% to 6 months KIBOR+2.00 per annum on daily outstanding balances payable quarterly. These facilities are secured against pledge/mortgage of shares of blue chip companies, properties and personal guarantees of all directors of the Company.

17 This includes trade payable of Rs. 10,312,947/- (2018: Rs. 18,015,512/-) to related party of the Company.

18 ACCRUED EXPENSES AND OTHER LIABILITIES

	Rupees 2019	Rupees 2018
Accrued expenses	6,133,334	2,244,898
Markup payable	5,841,256	3,101,726
Withholding tax payable	660,943	499,704
SST payable	2,002,344	2,225,169
CGT payable	-	1,040,200
Gratuity payable	1,867,215	1,867,215
Other liabilities	219,626	11,162,344
	16,724,718	**22,141,256**

19 CONTINGENCIES AND COMMITMENTS

19.1 The Securities and Exchange Commission of Pakistan imposed a fine of Rs. 150,000/- against wash trades in August 12, 2011. The Company has filed an appeal before the Honourable High Court of Sindh at Karachi. 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.

19.2 The Securities and Exchange Commission of Pakistan (SECP) issued a show cause notice to the Company on December 2009 regarding short sale of shares in proprietory account. In this regard, SECP passed an order and imposed a penalty of Rs. 2,500,000/- on the Company under section 22 of the SECP Ordinance, 1969 on March 05 2010. However, the Company has filed an appeal before the Honourable High Court of Sindh at Karachi. 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.

19.3 During the year, Securities and Exchange Commission of Pakistan (SECP) issued show cause notice regarding non compliance with the various regulatory requirements contained in Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018. In this regard, SECP passed an order and imposed a penalty amounting to Rs. 250,000/-. However, the Company has filed an appeal before SECP's appellant bench 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.

19.4 During the year 2018, the income tax authorities have issued show cause notices to various members of the Pakistan Stock Exchange Limited, including the Company, to amend original assessment order under section 122(9) read with section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2017 regarding taxability of capital gain on disposal of ordinary shares of Pakistan Stock Exchange Limited. In this regard, the PSX Stock Brokers Association filed Constitution Petition before the Honourable High Court of Sindh at Karachi and the Company became a party with them. The Honourable High Court of Sindh granted stay order in favour of the Petitioners. 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.

19.5 There are no outstanding commitments as at June 30, 2019 (2018: Nil).

	Notes	Rupees 2019	Rupees 2018
20 OPERATING REVENUE			
Brokerage Commission including sales tax on services		364,291,052	282,284,828
Less: Sales tax on services		(41,909,590)	(32,475,246)
Net brokerage commission excluding sales tax on services	**20.1 & 20.2**	**322,381,462**	**249,809,582**
Dividend income		11,468,714	3,658,846
		333,850,176	**253,468,428**

20.1 This includes brokerage commission earned from related parties amounting to Rs. 1,468,201 (2018: Rs. 2,792,340).

	Notes	Rupees 2019	Rupees 2018
20.2 *Brokerage commission*			
Equity	**20.3**	281,021,825	234,754,432
Margin Financing		41,359,637	15,055,150
		322,381,462	**249,809,582**
20.3 Brokerage Income - net of sales tax			
Equity brokerage			
- Institutional customers		2,005,058	2,391,384
- Retail clients		279,016,767	232,363,048
		281,021,825	**234,754,432**

	Notes	Rupees 2019	Rupees 2018
21 ADMINISTRATIVE EXPENSES			
Directors' remuneration	21.1	3,600,000	6,000,000
Salaries, wages and other benefits		41,857,992	28,320,925
Rent, rates and taxes		1,128,889	723,938
Telephone and communication charges		2,869,325	2,955,500
Utility charges		3,718,125	2,716,229
Printing and stationery		604,255	826,154
Travelling and conveyance		162,400	5,782,180
Postage and courier		112,329	107,662
Entertainment		1,965,061	2,473,638
Repair and maintenance		372,716	453,565
Computer and software expenses		900,000	895,552
Vehicle running expenses		495,646	449,688
Agents' commission	21.2	74,451,263	48,239,137
Fees and subscriptions		5,717,888	4,598,719
Audit fee	21.3	300,000	270,000
Allowance for expected credit loss		6,139,740	-
Bad debts		19,439	132,000
Insurance		109,858	130,142
Service and transaction charges		32,112,258	37,743,861
Donation	21.4	5,830,000	783,435
Depreciation		5,558,578	5,422,963
Miscellaneous expenses		222,949	2,771,257
		188,248,710	**151,796,545**

21.1 Remuneration of Chief Executive and Director

	2019		2018	
	Chief Executive	**Director**	**Chief Executive**	**Director**
Managerial remuneration	3,600,000	-	3,000,000	3,000,000
Company's contribution to the Provident Fund	-	-	-	-
Fees	-	-	-	-
Bonus	-	-	-	-
Housing and utilities	-		-	-
	3,600,000	-	**3,000,000**	**3,000,000**
Number of persons (including those who worked part of the year)	1		1	3

21.2 This amount includes commission paid to related parties amounted to Rs. 11,000,000 (2018: Nil)

21.3 Auditors' remuneration

	2019	2018
Audit services		
Annual audit fee	200,000	150,000
Certifications	40,000	70,000
	240,000	**220,000**
Non-audit services		
Other services	60,000	50,000
	60,000	**50,000**
	300,000	**270,000**

MRA SECURITIES LIMITED
NOTES TO THE ACCOUNTS

	Notes	Rupees 2019	Rupees 2018

21.4 Donations to the following organizations and trust exceed Rs 1,000,000/- or 10% of total donations, which ever is higher

Liaquat National Hospital	997,500	783,435
Pakistan Cancer Patients Welfare Society	1,000,000	-
Saylani Welafre International Trust	2,500,000	-
Shed Foundation	1,000,000	-
	5,497,500	783,435

21.4.1 None of the director or their spouses had any interest in the donee organizations.

22 FINANCE COSTS

Bank charges	2,311,527	1,475,235
Markup on short term borrowings from banking companies	29,803,285	7,580,859
	32,114,812	9,056,093

23 OTHER CHARGES

Impairment loss	-	2,500,000
	-	2,500,000

24 OTHER INCOME

From financial assets		
Profit on exposure deposit	10,863,718	7,290,221
Markup on margin financing	56,326	47,954
Profit on PSX retention money	-	254,329
Profit on PSX shares	1,446	-
IPO commission	316,382	471,808
	11,237,872	8,064,312
From non-financial assets		
Recoveries	2,473,897	38,866,429
Gain on disposal of fixed assets	8,408,919	132,506
Rental income from investment property	3,180,000	4,618,611
	14,062,816	43,617,546
	25,300,688	51,681,858

25 TAXATION

Current	42,569,854	88,590,909
Prior	7,486,042	2,018,863
	50,055,896	90,609,772

25.1 Relationship between income tax expense and accounting profit

Profit before taxation	82,669,458	147,378,102
Tax at the applicable tax rate of 29% (2018: 30%)	23,974,143	44,213,431
Tax effect of income taxed at lower tax rates	(15,288,217)	2,436,295
Tax effect of exempt income	(184,440)	-
Tax effect of prior year	7,486,042	2,018,863
Tax effect of non deductible expenses	16,503,799	36,396,217
Others	17,564,568	5,544,966
	50,055,896	90,609,772

25.2 The income tax returns of the Company have been filed up to tax year 2018 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.

	Notes	Rupees 2019	Rupees 2018

26 EARNINGS PER SHARE - BASIC AND DILUTED

26.1 Basic earnings per share

Profit after taxation	32,613,561	56,768,330
Number of shares issued up to the end of the year	57,500,000	40,000,000
	0.57	**1.42**

26.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2019 which would have any effect on the earnings per share if the option to convert is exercised.

27 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the cash flow statement are reconciled to the related items in the balance sheet as follows:

Short term running finance	(345,593,203)	(356,971,037)
Cash & bank balances	21,219,440	28,768,108
	(324,373,763)	**(328,202,930)**

28 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

28.1 Financial Instruments by category

28.1.1 Financial Assets

2019

	At fair value through profit or loss	At fair value through other comprehensive income	Loans and receivables	Other financial assets	Total
Long term investments	-	14,055,522	-	-	14,055,522
Long term loans, advances & deposits	-	-	1,910,000	-	1,910,000
Short term investments	511,730,896	-	-	-	511,730,896
Trade debts - unsecured	-	-	138,434,149	-	138,434,149
Receivable against margin financing	-		333,687,270		333,687,270
Short term deposits, advances & other rece	-	-	375,229,354	-	375,229,354
Cash and bank balances	-	-	-	21,219,440	21,219,440
	511,730,896	**14,055,522**	**849,260,773**	**21,219,440**	**1,396,266,631**

2018

	At fair value through profit or loss	At fair value through other comprehensive income	Loans and receivables	Other financial assets	Total
Long term investments	-	29,793,332	-	-	29,793,332
Long term loans, advances & deposits	-	-	1,910,000	-	1,910,000
Short term investments	134,081,616	-	-	-	134,081,616
Trade debts - unsecured	-	-	208,191,744	-	208,191,744
Receivable against margin financing	-	-	429,332,908		429,332,908
Short term deposits, advances & other rece	-	-	557,337,615	-	557,337,615
Cash and bank balances	-	-	-	28,768,108	28,768,108
	134,081,616	**29,793,332**	**1,196,772,267**	**28,768,108**	**1,389,415,323**

28.1.2 Financial Liabilities

	2019		
	Amortised cost	At fair value through profit or loss	Total
Long term loan	50,000,000	-	50,000,000
Short term running finance - secured	345,593,203	-	345,593,203
Trade payables	178,920,131	-	178,920,131
Accrued expenses & other liabilities	16,724,718	-	16,724,718
	591,238,052	-	591,238,052

	2018		
	Amortised cost	At fair value through profit or loss	Total
Long term loan	-	-	-
Short term running finance - secured	356,971,037	-	356,971,037
Trade payables	343,769,546	-	343,769,546
Accrued expenses & other liabilities	22,141,256	-	22,141,256
	722,881,839	-	722,881,839

29 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:

- Market Risk
- Liquidity Risk
- Credit Risk
- Operational Risk

29.1 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Interest Rate Risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company is exposed to such risk mainly in respect of short-term borrowings. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's loss by **Rs. 3,455,932/-** and a 1% decrease would result in a decrease in the Company's loss by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Equity Price Risk

Equity price risk is the risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. Management of the Company estimates that a 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Company's profit by **Rs. 51,173,090/-** and a 10% decrease would result in a decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

29.2 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 assets. 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 comments 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 options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

	2019					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
Financial liabilities						
Short term running finance - secured	345,593,203	345,593,203	345,593,203	345,593,203	-	-
Trade payables	178,920,131	178,920,131	178,920,131	178,920,131	-	-
Accrued expenses & other liabilities	16,724,718	16,724,718	16,724,718	16,724,718	-	-
	541,238,052	**541,238,052**	**541,238,052**	**541,238,052**	-	-

	2018					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
Financial liabilities						
Short term running finance - secured	356,971,037	356,971,037	356,971,037	356,971,037	-	-
Trade payables	343,769,546	343,769,546	343,769,546	343,769,546	-	-
Accrued expenses & other liabilities	22,141,256	22,141,256	22,141,256	22,141,256	-	-
	722,881,839	**722,881,839**	**722,881,839**	**722,881,839**	-	-

29.3 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 issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their

Exposure to credit risk

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

The 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. In addition, credit risk is also minimised due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. 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 follows:

	Rupees 2019	Rupees 2018
Long term investments	14,055,522	29,793,332
Long term loans, advances & deposits	1,910,000	1,910,000
Short term investments	511,730,896	134,081,616
Receivable against margin financing	333,687,270	429,332,908
Trade debts - unsecured	138,434,149	208,191,744
Short term deposits, advances & other receivables	375,229,354	557,337,615
Cash and bank balances	21,219,440	28,768,108
	1,396,266,631	1,389,415,323

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate exposure is significant in relation to the Company's total 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.

Bank balances

The analysis below summarizes the credit quality of the Company's bank balance:

	Rupees 2019	Rupees 2018
A1+	19,731,702	25,499,419
A1	1,385,580	3,196,149
	21,117,282	28,695,568

29.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processess, 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 suc 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 responsibility;
- 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;
- risk mitigation, including insurance where this is effective.

29.5 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 values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer prices quotations.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the

Financial assets

	2019			
	Level 1	Level 2	Level 3	Total
At fair value through profit and loss				
Listed securities	511,730,896	-	-	511,730,896
	511,730,896	-	-	**511,730,896**
At fair value - through other comprehensive income				
Investment in shares of Pakistan Stock Exchange Limited	14,055,522	-	-	14,055,522
	14,055,522	-	-	**14,055,522**

	2018			
	Level 1	Level 2	Level 3	Total
At fair value through profit and loss				
Listed securities	134,081,616	-	-	134,081,616
	134,081,616	-	-	**134,081,616**
At fair value - through other comprehensive income				
Investment in shares of Pakistan Stock Exchange Limited	21,353,582	-	-	21,353,582
	21,353,582	-	-	**21,353,582**

30 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

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 or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

31 OPERATING SEGMENT

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

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan

There were no change in the reportable segments during the year.

All non current assets of the Company as at 30 June 2019 are located in Pakistan.

32 RELATED PARTY TRANSACTIONS

Related parties comprise of group companies (the parent company, fellow subsidiaries and the subsidiaries). Key management personnel of the Company and directors and their close family members, major shareholders of the Company and staff provident fund. Transaction with related parties are on arm's lenght basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of the chief executive, directors and executive and other transactions with related parties are disclosed in relevant note to the financial statements. Detail of transactions with related parties during the year are as follows:

Transactions for the year

Name of related party	Nature of relationship	Transaction during the year	2019	2018
			Rupees	Rupees
Muhammad Farhan Rafiq	Chief Executive Officer	Brokerage Commission Income	513,176	191,488
		Loan repaid	-	256,430,000
Nabeel	Director	Brokerage Commission Income	16,200	-
		Loan repaid	-	50,500,000
Muhammad Junaid Rafiq	Shareholder	Loan received	50,000,000	-
		Loan repaid	-	128,600,000
		Commission paid	6,000,000	-
Ahmed Rafiq Adam	Shareholder	Loan repaid	-	267,405,421
		Brokerage Commission Income	492,755	606,514
Hina Farhan	Shareholder	Loan repaid	-	116,530,000
		Brokerage Commission Income	-	935,632
Al Barkaat Commodities (Private) Limited	Associated Company	Loan repaid	-	22,800,000
Mumtaz Rafiq Adam	Shareholder	Loan repaid	-	8,000,000
		Commission paid	5,000,000	-
Dugan (Private) Limited	Associated Company	Loan repaid	-	57,500,000
Adam Securities Limited	Associated Company	Loan repaid	-	40,000,000
Haji Muhammad	Shareholder	Loan repaid	-	86,245,967
		Brokerage Commission Income	427,173	1,136,999

MRA SECURITIES LIMITED
NOTES TO THE ACCOUNTS

	Rupees 2019	Rupees 2018
33 NUMBER OF EMPLOYEES		
Total employees of the Company at the year end	127	136
Average employees of the Company during the year	132	116

34 PATTERN OF SHAREHOLDING

Number of Shares	Name of shareholders	June 30, 2019 Percentage of Holding
18,749,856	Muhamamd Farhan	25.000%
17,307,693	Muhamamd Junaid	23.077%
14,423,077	Ahmed Rafiq	19.231%
6,489,663	Mumtaz Rafiq	8.653%
10,096,154	Haji Muhammmad	13.462%
7,932,692	Hina Farhan	10.577%
144	Muhammad Shoaib	0.000%
721	Nabeel	0.001%
75,000,000		**100.000%**

35 CAPITAL ADEQUACY LEVEL

		June 30, 2019
Total Assets		1,441,129,233
Less: Total Liabilities		(591,238,052)
Less: Revaluation Reserves (Created upon revaluation of Fixed Assets)		-
Capital Adequacy Level	35.1	849,891,181

35.1 While determining the value of the total assets of the TREC Holder, notional value of the TRE certificate held by the company as at June 30, 2019, as determined by Pakistan Stock Exchange has been considered.

MRA SECURITIES LIMITED
NOTES TO THE ACCOUNTS

36. **CORRESPONDING FIGURES**

Previous year figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison in the financial statements.

37 . **AUTHORIZATION FOR ISSUE**

These financial statements were approved by the Company's board of directors and authorised for issue on 05 OCT 2019

38 **GENERAL**

38.1 Figures have been re-arranged and re-classified wherever necessary, for the purpose of better presentation. No major reclassifications were made in these financial statements.

38.2 Figures have been rounded off to the nearest rupee.

Chief Executive

Director