

AAA SECURITIES (PVT) LTD

Chartered Accountants  
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**AAA SECURITIES (PVT) LTD**  
**Audited financial statements**  
**For the year ended June 30, 2018**



**NASIR JAVAID MAQSOOD IMRAN**  
Chartered Accountants

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of **AAA SECURITIES (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2018 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, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and 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, 2018 and of the income and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Responsibilities of Management and Board of Directors for the Financial Statements**

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

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Company or to cease operations, or has no realistic alternative but to do so. Board of directors is responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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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 account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and 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) the securities broker was in compliance with the requirements of section 78 of the Act and section 62 of the Futures Act, and the relevant requirement of these regulations as at the date on which the balance sheet was prepared.
- e) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Imran Ul Haq.

Place: Islamabad

Date: 03 October 2018

*Imran*


*Nasir Javaid Maqsood Imran*  
**Nasir Javaid Maqsood Imran**  
Chartered Accountants

**AAA SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property and equipment	4	3,025,170	3,090,836
Intangible assets	5	2,554,375	5,000,000
Long term deposits	6	500,000	500,000
Long term investment	7	30,346,030	30,346,030
		36,425,575	38,936,867
<b>CURRENT ASSETS</b>			
Account receivables	8	146,507	50,473
Short term investments	9	2,227,043	2,100,002
Withholding tax	10	42,480	42,480
Cash and bank balances	11	32,459,592	23,340,399
		34,875,622	25,533,354
<b>TOTAL ASSETS</b>		<b><u>71,301,197</u></b>	<b><u>64,470,221</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
3,500,000 (2016: 2,000,000) ordinary shares of Rupees 10 each		<u>35,000,000</u>	<u>35,000,000</u>
<b>Issued, subscribed and paid up share capital</b>			
3,069,500 (2016: 2,000,000) ordinary shares of Rupees 10 each	12	30,695,000	30,695,000
<b>Reserves</b>		15,410,498	17,336,724
		46,105,498	48,031,724
<b>CURRENT LIABILITIES</b>			
Other payables	13	623,994	3,452,940
Payable to account holders	14	24,571,705	12,985,556
		25,195,699	16,438,497
<b>Contingencies and commitments</b>		-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>71,301,197</u></b>	<b><u>64,470,221</u></b>

The annexed notes 1 to 25 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

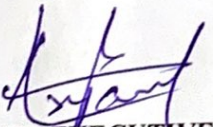


  
**DIRECTOR**

**AAA SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
Revenue	15	1,096,582	404,696
Direct Cost	16	<u>(119,760)</u>	<u>(115,453)</u>
Gross Profit		976,821	289,244
Administrative expenses	17	<u>(770,996)</u>	<u>(649,986)</u>
Operating profit/(loss)		205,825	(360,742)
Other income	18	<u>509,801</u>	<u>20,485</u>
Profit/(loss) before tax		715,626	(340,256)
Taxation	10	<u>(141,852)</u>	<u>(4,047)</u>
Net Profit/(Loss)		<u><u>573,774</u></u>	<u><u>(344,303)</u></u>

The annexed notes 1 to 25 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**AAA SECURITIES (PRIVATE) LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
Net profit/(loss) for the year		573,774	(344,303)
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified to profit and loss</b>			
Loss on remeasurement of TREC transferred to TREC value reserve		(1,000,000)	-
transferred to unappropriated profit/(loss)		(1,500,000)	-
Other comprehensive (loss)		(2,500,000)	-
<b>Total comprehensive (loss) for the year</b>		<b>(1,926,226)</b>	<b>(344,303)</b>

The annexed notes 1 to 25 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

AAA SECURITIES (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	Share capital	Reserves			Total
	Issued subscribed & paid up	Fair value reserve	TREC value reserve	Un-appropriated profits/(loss)	
	-----Rupees-----				
Balance as at July 1, 2016	20,000,000	18,346,030	1,000,000	(1,665,003)	37,681,027
Shares issued	10,695,000	-	-	-	10,695,000
Net (loss) for the year	-	-	-	(344,303)	(344,303)
Other comprehensive income	-	-	-	-	-
<b>Balance as at June 30, 2017</b>	<b>30,695,000</b>	<b>18,346,030</b>	<b>1,000,000</b>	<b>(2,009,306)</b>	<b>48,031,724</b>
Balance as at July 1, 2017	30,695,000	18,346,030	1,000,000	(2,009,306)	48,031,724
Net (loss) for the year	-	-	-	573,774	573,774
Other comprehensive (loss)	-	-	(1,000,000)	(1,500,000)	(2,500,000)
<b>Balance as at June 30, 2018</b>	<b>30,695,000</b>	<b>18,346,030</b>	<b>-</b>	<b>(2,935,532)</b>	<b>46,105,498</b>

The annexed notes 1 to 25 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR



**AAA SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) for the year before taxation	715,626	(340,256)
<b>Adjustments for non-cash charges and other items:</b>		
Unrealised (gain) on remeasurement of short term investment	(127,041)	-
Depreciation	86,292	71,424
Cash flows before working capital changes	674,877	(268,833)
<b>Working capital changes:</b>		
(Increase)/decrease in current assets		
Short term deposits and prepayments	(96,035)	342,123
Increase/(decrease) in current liabilities		
Payable to account holders	11,586,149	9,494,627
Trade and other payables	(2,828,946)	3,329,476
	8,661,168	13,166,226
Cash generated from operations	9,336,045	12,897,393
Taxes paid	(141,852)	(46,527)
<b>Net cash from/(used in) operating activities</b>	<b>9,194,193</b>	<b>12,850,867</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from issue of shares	-	3,000,000
Loan repaid to director	-	(31)
Investmnt in shares	-	(2,100,002)
Purchase of software	(75,000)	-
Purchase of fixed assets	-	(18,300)
<b>Net cash from /(used in) investing activities</b>	<b>(75,000)</b>	<b>881,668</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>9,119,193</b>	<b>13,732,535</b>
Cash and cash equivalents at the beginning of the year	23,340,399	9,607,864
<b>Cash and cash equivalents at the end of the year</b>	<b>32,459,592</b>	<b>23,340,399</b>

The annexed notes 1 to 25 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**AAA SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**1 STATUS AND NATURE OF BUSINESS**

AAA Securities (Private) Limited is a private company limited by shares and incorporated in Pakistan under the Companies Act 2017 on June 23, 2004.

The company is engaged in stock brokerage business and registered as broker by SECP under Registration Number BRI - 60 dated September 27, 2004 situated at 709, 7th Floor, 55-B, ISE Towers, Jinnah Avenue, Blue Area, Islamabad.

**2 BASIS OF PREPARATION**

**2.1 Accounting Convention**

These accounts have been prepared under the historical cost convention without incorporating any adjustments of the effect of inflation or current values except for available for sale investment and TREC the valuation basis of which are disclosed in relevant notes.

**2.2 Statement of Compliance**

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

**2.3 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with accounting and financial reporting standards requires the management to make judgments, estimates and assumptions that effect the reporting amounts of assets and liability and income and expenses. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- i) Useful lives, pattern of economic benefits and impairments
- ii) Taxation
- iii) Fair values of investments

**2.4 New and amended standards and interpretations**

**2.4.1 Standards that became effective and adopted:**

There were no new standards that became effective at the end of financial year.

**2.4.2 Amendments to approved accounting standards that are effective for the Company's accounting periods beginning after July 1, 2017:**

There are certain new standards and amendments to the approved accounting standards which will be effective for the Company for annual periods beginning on or after July 1, 2017 but are considered not to be relevant or are expected to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.



**AAA SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

In addition to this, changes have been made in respect of the disclosure and presentation of the financial statements through promulgation of Companies Act, 2017 (the Act) with effect from the May 30, 2017.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Property and equipment**

**a) Cost**

Operating fixed assets are stated at cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the year / period in which they are incurred.

**b) Depreciation**

Depreciation is charged to income on reducing balance method so as to write off the cost of an asset over its estimated useful life at the rates given in Note 4. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. The residual values and useful lives of assets are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

**c) Derecognition**

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income statement in the year/period the asset is derecognized.

**3.2 Intangible assets**

An intangible asset is recognized as an asset if it is probable that the economic benefits attributable to the assets will flow to the company and cost of the asset can be measured reliably. Trading Right Entitlement Certificate (TREC) which is granted by Pakistan Stock Exchange (PSX) in lieu of membership cards are valued initially at prescribed value by PSX.

**3.3 Impairment**

The carrying values of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

**3.4 Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand and cash at bank in current accounts. It is carried in the balance sheet at book value which approximates its fair value.



**AAA SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**3.5 Taxation**

The charge for current taxation is based on taxable income at the current rates after taking into accounts the tax credits and tax rebates available.

**3.6 Investment at fair value through profit or loss**

These include investments classified as held for trading or upon initial recognition it is designated by the Company as at fair value through profit or loss. Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in income currently. Fair value of investments is their quoted bid price at the balance sheet date. Transaction costs are charged to income currently.

**3.7 Settlement Date Accounting**

All "regular way" purchases and sales of financial assets are recognized on settlement date, i.e. the date on which the asset is delivered to or by the Company. Regular way purchases or sales of financial assets are those contracts which requires delivery of assets within the time frame generally established by regulation or convention in the market.

**3.8 Investments classified as Available-for-sale financial assets:**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the investments within twelve months from the balance sheet date.

Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the profit and loss account as a reclassification adjustment.

Interest on available-for-sale securities, if any, is calculated using the effective interest method is recognized in the profit and loss account. Dividends on available for-sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for-sale financial assets, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit and loss account as a reclassification adjustment.

**3.9 Revenue Recognition**

Revenue is recognized as and when services are rendered:

Capital gains or losses on sale of investments are recognized in the year in which they arise.

Money market brokerage, consultancy and advisory fees are recognized as and when such services are provided.

**AAA SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**3.10 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees which is also the company's functional currency.

**3.11 Financial instruments**

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost respectively. The company derecognizes the financial assets and liabilities when it ceases to be party to such contractual provisions of the instruments. Financial instrument mainly comprise investments, trade and other receivables, cash and bank balances, deposits, borrowings, trade and other payables, accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**3.12 Related party transactions**

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, 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

**4 PROPERTY AND EQUIPMENT**

Particulars	Building	Furniture & Fixture	Computer Equipment	Total
RUPEES				
<b>Year ended June 30, 2017</b>				
Opening net book amount	2,500,000	619,912	23,494	3,143,406
Additions	-	-	18,300	18,300
Disposals	-	-	-	-
Depreciation charge	-	61,991	8,878	70,870
Closing net book amount	<b>2,500,000</b>	<b>557,921</b>	<b>32,916</b>	<b>3,090,836</b>
<b>AS at June 30, 2017</b>				
Cost	2,500,000	1,313,250	314,750	4,128,000
Accumulated depreciation	-	755,329	281,834	1,037,163
Net book amount	<b>2,500,000</b>	<b>557,921</b>	<b>32,916</b>	<b>3,090,838</b>
<b>Year ended June 30, 2018</b>				
Opening net book amount	2,500,000	557,921	32,916	3,090,836
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation charge	-	55,792	9,875	65,667
Closing net book amount	<b>2,500,000</b>	<b>502,129</b>	<b>23,041</b>	<b>3,025,170</b>
<b>AS at June 30, 2018</b>				
Cost	2,500,000	1,313,250	314,750	4,128,000
Accumulated depreciation	-	811,121	291,709	1,102,830
Net book amount	<b>2,500,000</b>	<b>502,129</b>	<b>23,041</b>	<b>3,025,170</b>
Rate of depreciation per annum (%)	-	10	30	

*WMI*

**AAA SECURITIES (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	Rupees 2018	Rupees 2017
<b>5 INTANGIBLE ASSETS</b>			
Accounting software	5.1	54,375	-
Trading Right Entitlement Certificate	5.2	<u>2,500,000</u>	<u>5,000,000</u>
		<u>2,554,375</u>	<u>5,000,000</u>
<b>5.1 Accounting Software</b>			
Cost		40,000	40,000
Additions during the year		75,000	-
Amortization for the year		(20,625)	(554)
Accumulated amortization - opening		<u>(40,000)</u>	<u>(39,446)</u>
Net book value		<u>54,375</u>	<u>-</u>
Amortization rate		30%	30%

- 5.2 These represent Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) in accordance with the requirements of the Stock Exchanges Corporatisation, Demutualization and Integration Act, 2012 (The Act). The company has also received shares of ISE Towers REIT Management Company Limited after completion of the demutualization process. The notional value of TREC have been recorded at Rs. 2.5 million. For details, refer to SECP letter No. SMD/SE/2(57)/2002 dated November 9, 2017.

	Note	Rupees 2018	Rupees 2017
<b>6 LONG TERM DEPOSITS</b>			
CDC		100,000	100,000
PSX Clearing House		200,000	200,000
NCCPL		<u>200,000</u>	<u>200,000</u>
		<u>500,000</u>	<u>500,000</u>
<b>7 LONG TERM INVESTMENT</b>			
Shares in ISE Towers REIT Management Company Ltd.	7.1	<u>30,346,030</u>	<u>30,346,030</u>

- 7.1 Pursuant to promulgation of the Stock Exchange (Corporatization, Demutualization and Integration Act), 2012 "Act" the ownership in a Stock Exchange has been segregated from the right to trade on the Exchange. Accordingly the Company has received equity shares of ISE-REIT and Trading Right entitlement Certificate (TREC) in lieu of membership card of PSX. The company entitlement in respect of ISE-REIT shares is determined on the basis of valuation of assets and liabilities of ISE as approved by SECP and the Company has been allotted 3,034,603 shares of the face value of Rs. 10/- each. These include 60 % shares if ISE-REIT, held in separate CDC blocked account to restrict the sale of these shares by the members whereas stock exchange will dispose of these shares under the provisions of this Act, however the proceeds of these shares and right to dividend/bonus are vested with the company whereas voting rights attached to these shares are suspended.

**AAA SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

In absence of an active market for TREC, the company has taken the cost of TREC at Rs. 2.5 million, which is the value approved by the Board of Directors of PSX and intimated to SECP for the base minimum capital. This fact indicates an acceptable level of value for TREC which is also used by the stock exchange for risk management and to safeguard investors' interest.

Consequently the company has recorded a surplus of Rs. 18,346,030/- on conversion of membership card of ISE to shares and TREC in equity through Statement of Comprehensive Income.

	Note	Rupees 2018	Rupees 2017
<b>8 ACCOUNT RECEIVABLES</b>			
Receivable from clients		146,507	50,473
		<u>146,507</u>	<u>50,473</u>
<b>9 SHORT TERM INVESTMENTS</b>			
Investment at fair value through profit or loss:			
Investment in listed companies	9.1	2,227,043	2,100,002
		<u>2,227,043</u>	<u>2,100,002</u>

9.1 This represent investment in:

2018	
Name of security	No. of shares
AHCL	2,220
BOP	28,375
BWCL	575
EFERT	278
FATIMA	137
JOVC	9,900
NBP	11,526
NML	750
POL	1,000
PPL	1,674
PTC	400
SMBL	222

2017	
Name of security	No. of shares
AHCL	2,220
BOP R	19,862
BOP	28,375
EFERT	278
FATIMA	137
NBP	11,526
NML	750
BWCL	575
POL	1,000
PPL	1,674
PTC	400
SMBL	222

<b>10 WITHHOLDING TAX</b>			
Withholding tax opening balance		42,480	-
With held during the year		141,852	46,527
Taxation - current		(141,852)	(4,047)
- prior		-	-
		<u>(141,852)</u>	<u>(4,047)</u>
		<u>42,480</u>	<u>42,480</u>
<b>11 CASH AND BANK BALANCE</b>			
Cash in hand		3,091	12,762
Cash at bank on current accounts		32,456,501	23,327,637
		<u>32,459,592</u>	<u>23,340,399</u>

**AAA SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018	2017
<b>12 SHARE CAPITAL</b>			
Issued, paid up and subscribed capital			
Opening shares		3,069,500	2,000,000
Issued shares for cash during the year		-	1,069,500
Closing shares		<u>3,069,500</u>	<u>3,069,500</u>
		<b>Rupees</b>	<b>Rupees</b>
		<b>2018</b>	<b>2017</b>
<b>13 OTHER PAYABLES</b>			
Audit fee		88,000	176,000
Payable to Director		450,000	3,200,000
Bills payable		47,906	76,940
FED payable		22,673	
Capital Value Tax payable		15,415	
		<u>623,994</u>	<u>3,452,940</u>
<b>14 PAYABLE TO ACCOUNT HOLDER</b>			
Payable to regular account holders		24,571,705	12,985,556
		<u>24,571,705</u>	<u>12,985,556</u>
<b>15 REVENUE</b>			
Brokerage commission		1,096,582	404,696
		<u>1,096,582</u>	<u>404,696</u>
<b>16 DIRECT COST</b>			
NCSS charges		6,420	4,226
CDC charges		5,722	12,923
Terminal display cost		-	-
Depreciation and amortization		86,292	71,424
PSX fee		15,000	15,000
Telephone		6,327	7,060
Annual IT charges		-	4,820
		<u>119,760</u>	<u>115,453</u>
<b>17 ADMINISTRATIVE EXPENSES</b>			
Electricity		38,585	40,593
Telephone		14,762	17,010
Water charges		-	3,599
News papers & periodicals		4,823	4,628
Service charges		359,274	267,524
Miscellaneous expenses		90,341	36,883
Audit fee		88,000	88,000
Bank charges		647	403
Fee and taxes		162,824	183,205
Property tax		11,740	8,141
		<u>770,996</u>	<u>649,986</u>

*Signature*



**AAA SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Note	Rupees 2018	Rupees 2017
<b>18 OTHER INCOME</b>			
Other income - write offs		-	20,485
Unrealized gain/(loss) on re-measurement of short term investment		127,041	-
Dividend income - Income from financial assets		382,760	-
		<u>509,801</u>	<u>20,485</u>

**19 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

**19.1 Financial assets as per balance sheet**

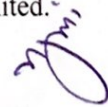
	At Ammortized Cost		At Fair Value Through Profit & Loss		Available For Sale	
	2018	2017	2018	2017	2018	2017
Long term deposits	500,000	500,000	-	-	-	-
Long term investment	-	-	-	-	30,346,030	30,346,030
Short term Investments	-	-	2,227,043	2,100,002	-	-
Receivable from clients	146,507	50,473	-	-	-	-
Cash and bank balances	32,459,592	23,340,399	-	-	-	-
	<u>33,106,100</u>	<u>23,890,872</u>	<u>2,227,043</u>	<u>2,100,002</u>	<u>30,346,030</u>	<u>30,346,030</u>

**19.2 Financial liabilities as per balance sheet**

	At Ammortized Cost		At Fair Value Through Profit & Loss	
	2018	2017	2018	2017
Other payables	623,994	3,452,940	-	-
Payable to account holders	24,571,705	12,985,556	-	-
	<u>25,195,699</u>	<u>16,438,497</u>	<u>-</u>	<u>-</u>

**19.3 Financial risk management objectives and policies**

The companies activities expose it to a variety of financial risk: capital risk, credit risk, liquidity risk and market risk (including foreign exchange or currency risk, interest/markup rate risk and price risk). The company's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on financial performance. Overall, risk arising from the company's financial assets and liabilities are limited.



**AAA SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**a) Capital risk management**

The company's policy is to maintain a strong capital base so as to maintain investor, credit and market confidence and to sustain future development of the business. Additionally, to safeguard the company's ability to continue as a going concern in order to provide returns to share holders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There were no changes to the company's approach to capital management during the year and the company is not subject to externally imposed capital requirements.

**b) Concentration of credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. All financial assets except cash in hand, are subject to credit risk. The company believes that it is not exposed to major concentration of credit risk.

**c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash. The company finances its operations through equity borrowing and the management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The company's treasury aims at maintaining flexibility in funding by keeping regular commitment from management. Management closely monitors the company's liquidity and cash flow position.

**d) Market risk**

Market risk means that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks; foreign exchange or currency risk, interest/mark-up rate risk and price risk. The market risk associated with the company's business activities are discussed as under.

**- Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently, the company did no transaction in foreign currencies nor have any foreign currency loans.

**- Interest / mark-up rate risk**

Interest/mark-up rate risk is the risk that the value of financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest/mark-up rates arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The company is not exposed to any such risk.

**- Price risk**

Price risk represents the risk that fair value of future cash flow of financial instrument will fluctuate because of changes in market price (other than those arising from interest mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is exposed to equity price in respect of short term investments.

**AAA SECURITIES (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

e) **Fair value of the financial instruments**

Fair value is the amount for which an asset can be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transactions. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair value.

19.4 **Recognized fair value measurement - financial assets**

(i) **Fair value hierarchy**

Judgments and estimates are made for financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial assets into the following three levels:

	(Rupees)		
	Level 1	Level 2	Level 3
<b>As at June 30, 2018</b>			
Long term investment			30,346,030
Short term investments	2,227,043		
<b>Total</b>	<b>2,227,043</b>	-	<b>30,346,030</b>
<b>As at June 30, 2017</b>			
Long term investment	2,100,002		30,346,030
<b>Total</b>	<b>2,100,002</b>	-	<b>30,346,030</b>

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of assets and liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There was no transfer between any level during the year.

20 **RELATED PARTY TRANSACTIONS**

	Rupees 2018	Rupees 2017
Cash received from director - Arshad Saeed Malik	-	6,200,000
Shares issued for cash to director - Arshad Saeed Malik	-	3,000,000
Director loan converted into capital - Arshad Saeed Malik	-	7,695,000
Repaid to director - Arshad Saeed Malik	(2,750,000)	(31)



**AAA SECURITIES (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

		Rupees 2018	Rupees 2017
<b>20 RELATED PARTY TRANSACTIONS</b>			
Cash received from director - Arshad Saeed Malik		-	6,200,000
Shares issued for cash to director - Arshad Saeed Malik		-	3,000,000
Director loan converted into capital - Arshad Saeed Malik		-	7,695,000
Loan repaid to director - Arshad Saeed Malik		-	(31)

		2018	2017
<b>21 Information required by regulation 34 of Securities Broker Regulations 2016</b>			
a) - Customer shares in the central depository system		3,149,648	2,147,321
- Customer's cash in bank account - PKR		26,263,662	12,985,557
b) - Securities pledged with financial institutions		Nil	Nil
d) <b>Pattern of shares:</b>			
Hammad Saeed Malik	200,000	200,000	
Arshad Saeed Malik	2,269,499	2,269,499	
Asif Saeed Malik	600,001	600,001	
Haider Sarfraz Abdi	-	-	
Total no of shares	3,069,500	3,069,500	
e) <b>Changes in shareholding:</b>			
Shares issued during the year to Arshad Saeed Malik		-	1,069,500
f) Trade and other receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.			
g) <b>Aging analysis of amount due from customers</b>			
Due not more than 5 days - PKR		120,986	19,397
Due more than 5 days - PKR		25,520	31,077

		2018	2017
<b>22 CAPITAL ADEQUACY LEVEL</b>	Note I		
Total Assets		71,301,197	64,470,221
Less: Total Liabilities		(25,195,699)	(16,438,497)
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-	-
Capital adequacy level		<b>46,105,498</b>	<b>48,031,724</b>

Note:

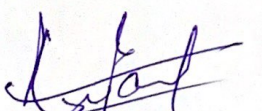
I. While determining the value of the total assets of the TREC Holder, Notional value of the TREC Certificate held by AAA Securities(Private) Limited as at year ended June 30, 2018 as determined by Pakistan Stock Exchange has been considered.

<b>23 NUMBER OF EMPLOYEES</b>		Nil	Nil
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**24 DATE OF AUTHORIZATION FOR ISSUE**  
These financial statements were authorized for issue on 03 October 2018 by the Board of Directors of the Company.

**25 GENERAL**

25.1 Figures have been rounded off to the nearest Rupee.

  
CHIEF EXECUTIVE

  
DIRECTOR