

AAA SECURITIES (Private) Limited
Audited Financial Statements
As At June 30, 2019



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, 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, 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, 2019 and of the income and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with 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

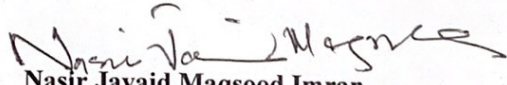
Based on our audit, we further report that in our opinion:

- 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) 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: 04-10-2019


Nasir Javid Maqsood Imran
Chartered Accountants

AAA SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

ASSETS	Note	2019 Rupees	2018 Rupees Restated	2017 Rupees Restated
NON - CURRENT ASSETS				
Property and equipment	4	480,070	2,459,623	2,627,103
Investment property	5	1,837,730	-	-
Intangible assets	6	2,538,063	2,554,375	5,000,000
Long term deposits	7	500,000	500,000	500,000
Long term investment	8	43,091,363	30,346,030	30,346,030
		48,447,225	35,860,028	38,473,133
CURRENT ASSETS				
Account receivables	9	136,241	146,507	56,473
Short term investments	10	1,622,144	2,227,043	2,100,002
Withholding tax	11	191,977	42,480	42,480
Cash and bank balances	12	22,183,098	32,459,592	23,340,399
		24,133,459	34,875,622	25,533,354
TOTAL ASSETS		72,580,684	70,735,650	64,006,487
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
3,500,000 ordinary shares of Rupees 10 each		35,000,000	35,000,000	35,000,000
Issued, subscribed and paid up share capital				
3,500,000 (2018: 3,069,500) ordinary shares of Rupees 10 each	13	35,000,000	30,695,000	30,695,000
Capital reserve - Fair value reserve		31,091,363	18,346,030	19,346,030
Revenue reserve - Unappropriated loss		(3,400,411)	(3,501,079)	(2,473,040)
		62,690,952	45,539,951	47,567,990
CURRENT LIABILITIES				
Other payables	14	1,187,246	623,994	3,452,940
Payable to account holders	15	8,702,486	24,571,705	12,985,556
		9,889,732	25,195,699	16,438,497
Contingencies and commitments		-	-	
TOTAL EQUITY AND LIABILITIES		72,580,684	70,735,650	64,006,487

The annexed notes 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, 2019

	Note	2019 Rupees	2018 Rupees Restated
Revenue	16	960,490	1,096,582
Direct Cost	17	(249,572)	(221,574)
Gross Profit		<u>710,918</u>	<u>875,008</u>
Administrative expenses	18	(1,173,851)	(770,996)
Operating profit/(loss)		<u>(462,933)</u>	<u>104,012</u>
Other income	19	656,874	509,801
Profit before tax		<u>193,940</u>	<u>613,813</u>
Taxation	11	(93,272)	(141,852)
Net profit		<u><u>100,668</u></u>	<u><u>471,961</u></u>

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

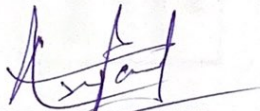

CHIEF EXECUTIVE


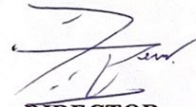

DIRECTOR

AAA SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees Restated
Net profit/(loss) for the year		100,668	573,774
Other comprehensive income:			
Items that may be reclassified to profit or loss			
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)
Items that may not be reclassified to profit or loss			
gain on remeasremnt of ISE-REIT shares		12,745,333	-
Total comprehensive (loss) for the year		<u>12,846,001</u>	<u>(1,926,226)</u>

The annexed notes 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, 2019

	Share capital Issued subscribed & paid up	Capital Reserves		Revenue reserve	Total
		Fair value reserve	TREC value reserve	Un-appropriated profits/(loss)	
	-----Rupees-----				
Balance as at July 1, 2017 - as previously stated	30,695,000	18,346,030	1,000,000	(2,009,306)	48,031,724
Restatement of error - Note 22	-	-	-	(463,734)	(463,734)
Restated balance	30,695,000	18,346,030	1,000,000	(2,473,040)	47,567,990
Net profit for the year - restated	-	-	-	471,961	471,961
Other comprehensive income/(loss)	-	-	(1,000,000)	(1,500,000)	(2,500,000)
Balance as at June 30, 2018	30,695,000	18,346,030	-	(3,501,079)	45,539,951
Balance as at July 1, 2018	30,695,000	18,346,030	-	(3,501,079)	45,539,951
Shares issued	4,305,000	-	-	100,668	100,668
Net profit for the year	-	-	-	-	-
Other comprehensive income	-	12,745,333	-	-	12,745,333
Balance as at June 30, 2019	35,000,000	31,091,363	-	(3,400,411)	58,385,952

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


CHIEF EXECUTIVE

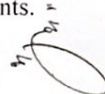

DIRECTOR

AAA SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year before taxation		193,940	613,813
Adjustments for non-cash charges and other items:			
Unrealized (gain) on remeasurement of short term investment		604,899	(127,041)
Depreciation		171,135	188,105
Cash flows before working capital changes		969,975	674,877
Working capital changes:			
(Increase)/decrease in current assets			
Short term deposits and prepayments		10,267	(96,035)
Increase/(decrease) in current liabilities			
Payable to account holders		(15,869,219)	11,586,149
Trade and other payables		563,252	(2,828,946)
		(15,295,700)	8,661,168
Cash generated from operations		(14,325,725)	9,336,045
Taxes paid		(242,769)	(141,852)
Net cash from/(used in) operating activities		(14,568,494)	9,194,193
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan repaid to director		-	-
Investment in shares		-	-
Purchase of software		-	(75,000)
Purchase of fixed assets		(13,000)	-
Net cash from /(used in) investing activities		(13,000)	(75,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		4,305,000	-
Net cash from /(used in) financing activities		4,305,000	-
Net increase/(decrease) in cash and cash equivalents		(10,276,494)	9,119,193
Cash and cash equivalents at the beginning of the year		32,459,592	23,340,399
Cash and cash equivalents at the end of the year	12	<u>22,183,098</u>	<u>32,459,592</u>

The annexed notes 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, 2019

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 and situated at 29-A, ISC Plaza 1st Floor, Jinnah Boulevard West, Sector A, DHA II, 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 some investments 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.

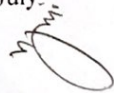
Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- 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:

Following standards, interpretations and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2018:



AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customers'
- IAS 40 (Amendments), 'Investment Property'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to IFRSs: 2014 – 2016 Cycle

The Company had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9. These are disclosed in note 3.12. Most of the other amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

2.4.2 Amendments to approved accounting standards that are effective for the Company's accounting periods beginning after July 1, 2019:

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, 2019 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.

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.

AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

3.3 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties are stated at cost less accumulated depreciation and any recognized impairment loss.

3.4 Impairment of non financial assets

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 statement of profit or loss.

3.5 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.

3.6 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.

3.7 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 Revenue Recognition

- Revenue is recognized as and when services are rendered:
- Capital gains or losses on sale of investments are recognized in statement of profit or loss for the period in which they arise.
- Money market brokerage, consultancy and advisory fees are recognized as and when such services are provided.
- Dividend income is recognized when right to receive is established.

3.9 Functional and presentation currency

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

AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

3.10 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 initially at cost which is the fair value of consideration given or received. The financial assets are subsequently measured at fair value, amortized cost or cost as the case may be with classifications into i) at fair value through profit or loss (FVTPL), ii) at fair value through other comprehensive income (FVTOCI) and iii) at amortized cost. Subsequently:

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

3.10.1 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

3.10.2 Derecognition of financial instruments

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

3.11 Impacts of adoption of IFRS 9 on these financial statements

The adoption of IFRS 9 has only reclassification impact on these financial statements as Available for sale investments are now categorized at FVTOCI.



AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 do so.

4 PROPERTY AND EQUIPMENT

Particulars	Leasehold Building	Furniture & Fixture	Computer Equipment	Total
	RUPEES			
Year ended June 30, 2018				
Opening net book amount	2,036,266	557,921	32,916	2,627,103
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation charge	101,813	55,792	9,875	167,480
Closing net book amount	1,934,453	502,129	23,041	2,459,623
As at June 30, 2018				
Cost	2,500,000	1,313,250	314,750	4,128,000
Accumulated depreciation	565,547	811,121	291,709	1,668,377
Net book amount	1,934,453	502,129	23,041	2,459,623
Year ended June 30, 2019				
Opening net book amount	1,934,453	502,129	23,041	2,459,623
Additions	-	-	13,000	13,000
Transfer to investment property	(1,837,730)	-	-	(1,837,730)
Depreciation charge	96,723	50,213	7,887	154,823
Closing net book amount	-	451,916	28,154	480,070
As at June 30, 2019				
Cost	-	1,313,250	327,750	1,641,000
Accumulated depreciation	-	861,334	299,596	1,160,930
Net book amount	-	451,916	28,154	480,070
Rate of depreciation per annum (%)	5	10	30	

Particulars of investment property	Note	Rupees	Rupees
		2019	2018
5 INVESTMENT PROPERTY- AT COST		1,837,730	-
Particulars of investment property			
Description	Address	Area	
Commercial building	Office#709, 7th Floor, ISE Towers	1348 sq. feet	
Subleased			
6 INTANGIBLE ASSETS			
Accounting software	6.1	38,063	54,375
Trading Right Entitlement Certificate	6.2	2,500,000	2,500,000
		<u>2,538,063</u>	<u>2,554,375</u>

AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

		Rupees	Rupees
	Note	2019	2018
6.1	Accounting Software		
	Cost	75,000	40,000
	Additions during the year	-	75,000
	Amortization for the year	(16,313)	(20,625)
	Accumulated amortization - opening	(20,625)	(40,000)
	Net book value	38,063	54,375
	Amortization rate	30%	30%

- 6.2 These represent 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 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.

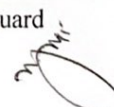
		Rupees	Rupees
	Note	2019	2018
7	LONG TERM DEPOSITS		
	CDC	100,000	100,000
	PSX Clearing House	200,000	200,000
	NCCPL	200,000	200,000
		500,000	500,000

8 LONG TERM INVESTMENT AT FAIR VALUE THROUGH OCI

8	Shares in ISE Towers REIT Management Company Ltd.	8.1	43,091,363	30,346,030
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- 8.1 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 of 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.

In absence of an active market for these shares, the company has taken has valued them at Rs. 14.2/share, 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 ISE REIT shares which is also used by the stock exchange for risk management and to safeguard investors' interest.



AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

		Rupees 2019	Rupees 2018
9	ACCOUNT RECEIVABLES	Note	
	Receivable from clients	136,241	146,507
		<u>136,241</u>	<u>146,507</u>
10	SHORT TERM INVESTMENTS		
	Investment at fair value through profit or loss:		
	Cost	2,100,002	2,100,002
	Unrealized gain/(loss)	(477,858)	127,041
	Investment in listed companies	10.1 <u>1,622,144</u>	<u>2,227,043</u>
10.1	This represent investment in:		
	30-Jun-19	30-Jun-18	
	Name of security No. of shares	Name of security No. of shares	
	AHCL 2,220	AHCL 2,220	
	BOP 28,375	BOP 28,375	
	BWCL 575	BWCL 575	
	EFERT 278	EFERT 278	
	FATIMA 137	FATIMA 137	
	JOVC 9,900	JOVC 9,900	
	NBP 11,526	NBP 11,526	
	NML 750	NML 750	
	POL 1,200	POL 1,000	
	PPL 1,925	PPL 1,674	
	PTC 400	PTC 400	
	SMBL 222	SMBL 222	
11	WITHHOLDING TAX		
	Withholding tax opening balance	42,480	-
	With held during the year	242,769	46,527
	Taxation - current	(93,272)	(4,047)
	- prior	-	-
		<u>(93,272)</u>	<u>(4,047)</u>
		<u>191,977</u>	<u>42,480</u>
12	CASH AND BANK BALANCE		
	Cash in hand	916	3,091
	Cash at bank on current accounts	22,182,182	32,456,501
		<u>22,183,098</u>	<u>32,459,592</u>
13	SHARE CAPITAL		
	Issued, paid up and subscribed capital		
	Opening shares	3,069,500	3,069,500
	Issued shares for cash during the year	430,500	-
	Closing shares	<u>3,500,000</u>	<u>3,069,500</u>

AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	Rupees 2019	Rupees 2018
14 OTHER PAYABLES			
Audit fee		188,000	88,000
Payable to Director		450,000	450,000
Bills payable		64,756	47,906
FED payable		4,490	22,673
Capital Value Tax payable		-	15,415
Security deposit	14.1	480,000	-
		<u>1,187,246</u>	<u>623,994</u>
14.1	This security deposit is utilizable for company as per the terms of contract. However it has not been kept in special bank account.		
15 PAYABLE TO ACCOUNT HOLDER			
Payable to regular account holders		8,702,486	24,571,705
		<u>8,702,486</u>	<u>24,571,705</u>
16 REVENUE			
Brokerage commission		960,490	1,096,582
		<u>960,490</u>	<u>1,096,582</u>
17 DIRECT COST			Restated
NCSS charges		52,378	6,420
CDC charges		6,021	5,722
Depreciation and amortization		171,135	188,105
PSX fee		10,000	15,000
Telephone		10,038	6,327
		<u>249,572</u>	<u>221,574</u>
18 ADMINISTRATIVE EXPENSES			
Electricity		56,093	38,585
Telephone		23,422	14,762
News papers & periodicals		5,450	4,823
Service charges		392,839	359,274
Miscellaneous expenses		152,950	90,341
Audit fee		188,000	88,000
Bank charges		1,260	647
Fee and taxes		157,533	162,824
Property tax		44,304	11,740
Rent Office		152,000	-
		<u>1,173,851</u>	<u>770,996</u>



AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	Rupees 2019	Rupees 2018
19 OTHER INCOME			
Income from financial assets:			
Unrealized gain/(loss) on re-measurement of short term investment		(604,899)	127,041
Dividend income - Income from financial assets		541,773	382,760
Income from non-financial assets:			
Rental Income		720,000	-
		656,874	509,801

20 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

20.1 Financial assets as per balance sheet

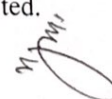
	At Ammortized Cost		At Fair Value Through Profit & Loss		At Fair Value Through Other Comprehensive Income	
	2019	2018	2019	2018	2019	2018
Long term deposits	500,000	500,000	-	-	-	-
Long term investment	-	-	-	-	43,091,363	30,346,030
Short term Investments	-	-	1,622,144	2,227,043	-	-
Receivable from clients	136,241	146,507	-	-	-	-
Cash and bank balances	22,183,098	32,459,592	-	-	-	-
	22,819,338	33,106,100	1,622,144	2,227,043	43,091,363	30,346,030

20.2 Financial liabilities as per balance sheet

	At Ammortized Cost		At Fair Value Through Profit & Loss	
	2019	2018	2019	2018
Other payables	1,187,246	623,994	-	-
Payable to account holders	8,702,486	24,571,705	-	-
	9,889,732	25,195,699	-	-

20.3 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, 2019

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 managements of working capital with a view to maintain an appropriate mix between various source 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

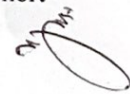
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently, the company did no transaction in foreign currencies nor have 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 of 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 trade 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, 2019

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.

20.4 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
As at June 30, 2019			
Long term investment			43,091,363
Short term investments	1,622,144		
Total	1,622,144	-	43,091,363
As at June 30, 2018			
Long term investment			30,346,030
Short term investments	2,227,043		
Total	2,227,043	-	30,346,030

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.

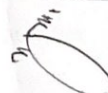
Level 2: The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant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

21 RELATED PARTY TRANSACTIONS

	Rupees 2019	Rupees 2018
Cash received from director - Arshad Saeed Malik	-	-
Shares issued for cash to director - Arshad Saeed Malik	3,183,000	-
Shares issued for cash to director - Asif Saeed Malik	841,500	-
Shares issued for cash to director - Hammad Saeed Malik	280,500	-
Repaid to director - Arshad Saeed Malik	-	(2,750,000)
	<u>4,305,000</u>	<u>(2,750,000)</u>



AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

22 RESTATEMENT - ACCOUNTING ERROR

In previous years, the investment property building was not depreciated since acquisition. Now this error has been rectified retrospectively and the corresponding adjustments have been made in these accounts with the following effects:

	Rupees	Rupees
	2018	2017
Increase in unappropriated loss	565,547	463,734
Decrease in property and equipment	(101,813)	(463,734)
Increase in admin expenses	101,813	-
Decrease in profit	(101,813)	-

23 Information required by regulation 34 of Securities Broker Regulations 2016

	2019	2018
a) - Customer shares in the central depository system	3,149,648	3,149,648
- Customer's cash in bank account - PKR	11,390,170	26,263,662
b) Securities pledged with financial institutions	Nil	Nil
c) Pattern of shares:		
Hammad Saeed Malik	228,050	200,000
Arshad saeed malik	2,587,799	2,269,499
Asif saeed malik	684,151	600,001
Total no of shares	3,500,000	3,069,500
d) Changes in shareholding:		
Shares issued during the year to Arshad Saeed Malik	318,300	-
Shares issued during the year to Asif Saeed Malik	84,150	-
Shares issued during the year to Hammad Saeed Malik	28,050	-
e) 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.		
f) Aging analysis of amount due from customers		
Due not more than 5 days - PKR	-	120,986
Due more than 5 days - PKR	136,241	25,520

24 CAPITAL ADEQUACY LEVEL

	2019	2018
	Rupees	Rupees
Total Assets	72,580,684	70,735,650
Less: Total Liabilities	(9,889,732)	(25,195,699)
Less: Revaluation reserves (created upon revaluation of fixed assets)	-	-
Capital adequacy level	62,690,952	45,539,951

While determining the value of total assets of TREC Holder, Notional Value of the TREC certificate held by AAA Securities (Private) Limited as at year ended 30 June 2019 as determined by Pakistan Stock Exchange has been considered.

25 NUMBER OF EMPLOYEES

Nil

Nil



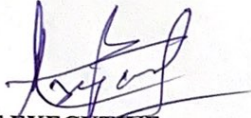
**AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

26 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 04-10-2019 by the Board of Directors of the Company.

27 GENERAL

27.1 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



DIRECTOR