LSE FINANCIAL SERVICES LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Directors' Report

Dear Shareholders,

The Board of Directors is pleased to present its report along with the accounts of your Company for the period ended June 30, 2020.

ECONOMIC OUTLOOK

After the initial negative impact of COVID-19 lockdown, the Government announced various relief packages and incentives to support the individuals, SMEs and other industries. A gradual recovery in Pakistan is expected in the fiscal year 2021 as the country's economy reopens.

FINANCIAL PERFORMANCE

Financial Highlights	**2020** **Rs. in '000'**	2019 (Restated) Rs. in '000'
Revenue	**175,848**	**184,268**
Share of profit of Associates-net of tax	**136,333**	**124,101**
Total Revenue	**312,181**	**308,369**
Operating expenditures	**110,312**	**107,975**
Profit before Taxation	**201,869**	**200,394**
Taxation	**(41,793)**	**(47,095)**
Net Profit for the period	**160,076**	**153,299**
Earnings Per Share (EPS)	**Rs. 1.25**	**Rs. 1.19**

During the year ended June 30, 2020, LSE Financial Services Ltd. (LSEFSL) earned total revenue of Rs 312.181 million including share of profit of Associates-net tax as compared to Rs. 308.369 million last year, registered an increase of Rs. 3.812 million or 1.24 %.The revenue comprises on income from margin trading system, rent from investment property, profit from bank deposits and T-bills, share of profits from the associated companies and other income. The operating expenses and finance cost were Rs. 110.312 million, i.e., an increase by Rs. 2.337 million or 2.16% from last year's comparative period. Administrative expense includes provision of Rs. 4.999 million relating to supply of utilities and service maintenance charges. Expenses relating to Margin Trading System, Legal & professional, Utilities and property taxes are also showing minor movement as compared to the last year. The Company earned a profit before taxation of Rs. 201.869 million for the period under review, which is increased by Rs. 1.475 million or 0.74 %, as compared to corresponding previous period. Furthermore, profit after tax is also increased by Rs. 6.777 million or 4.42% from last year and has reached Rs. 160.076 million.

Earnings per Share- (Basic & Diluted) for the period ended June 30, 2020 was recorded as Rs. 1.25 per share against Rs. 1.19 per share last year, which is increased by Rs. 0.06 or 5 %. Further, the net asset value per share of LSEFSL is Rs. 23.23/-.

ASSOCIATED UNDERTAKINGS PERFORAMCE

During the period under review, associated companies, announced dividend worth Rs. 31.790 million as compared to Rs. 29.328 million in last year. During the period, CDC declared bonus shares @ 33.3333 % and paid cash dividend of Rs. 18.375 million to LSEFSL. PACRA declared Rs. 13.415 million dividends during the period. Whereas, NCCPL issued 5.932 million ordinary shares as bonus share in favor of LSEFSL.

EXTERNAL AUDITORS

M/s Kreston Hyder Bhimji & Co., Chartered Accountants, retiring auditors of the Company, being eligible, offer themselves for reappointment. The Board has recommended appointment of M/s Kreston Hyder Bhimji & Co., Chartered Accountants, as Auditors for the year ending June 30, 2021 at a mutually agreed fee.

INTERNAL FINANCIAL CONTROL

The Company has completely outsourced its internal audit function to M/s. BDO Ebrahim & Co., Chartered Accountants.

The Board has adequately ensured that the system of internal financial controls is sound in design and has been effectively implemented and monitored through outsourced Internal Auditors. The existing internal control system is adequate.

CREDIT RATING

During the period, JCR-VIS Credit Rating Company Ltd. re-affirmed entity ratings as A/A-1 to LSEFSL. Outlook on the assigned ratings is 'Stable'.

PROPOSED FINAL CASH DIVIDEND

In view of profitable results of the Company, the directors have recommended a final cash dividend of Rs. 0.70 per share, i.e. 7%, for the year ended June 30, 2020, for the approval of the general body in the forthcoming AGM (2019: Rs. 0.80 per share, i.e., @ 8%). The amount of un-appropriated profit has been transferred to Company's Reserve account after accounting for the financial impact of final cash dividend.

The fully funded retirement benefit plan i.e. the provident fund of the employees is maintained by the trustees of the fund who get them audited on yearly basis. The trustees have informed the company that as per the audited financial statements 2020, the total assets of the fund is as follows:

Provident Fund Rs. 11.114 million (2019: Rs. 7.820 million)

CSR POLICY

The Company is committed to undertake Corporate Social Responsibility (CSR) activities.The objective of the CSR Policy approved by the Board is to lay down the guiding principles in undertaking various programs and projects by the Company relating to CSR. The corporate social responsibility commitments of LSEFSL shall focus on education, healthcare, environment, community development and disaster relief. LSEFSL endeavors to ensure that it qualifies as a responsible corporate citizen. For this purpose, the amount of profit generated from the unpaid dividend account maintained by the Company under the law shall be used by the Company for its corporate social responsibility initiatives.

FUTURE OUTLOOK

Keeping in view and requirement of NBFC license and its regulations, the Company has prepared Business Plan and shall issue loans as financing against shares to the market participants. The credit department has been established and loan disbursement shall be started in the FY 2020-21.

In compliance with the section 227 of the Companies Act, 2017 the followings are hereby disclosed:

1. The names of directors of the Company are given hereunder:

1)	Mr. Rashid Rahman Mir	Chairman (Independent Director)
2)	Mr. Muhammad Sibghatullah Khalid	CEO/MD
3)	Mr. Ali Mehdi	(Independent Director)
4)	Mr. Ammar ul Haq	
5)	Mr. Asif Baig Mirza	
6)	Mr. Jahanzeb Mirza	
7)	Ms. Javaria Malik	(Independent Director)
8)	Mr. Khalid Waheed	
9)	Mr. Omar Khalil Malik	

2. The Company has been granted a license by SECP to carry out Investment Finance Services as NBFC. Apart from conducting financing business as a Financier in the Margin Trading System of NCCPL, the Company has established a Credit Department to start MSMEs financing.

3. The business of Investment Finance Service undertaken by the Company is exposed to several threats such as credit risk, liquidity risk, operational risk, market risk and regulatory risk etc. Risk management policies and procedures adopted by the Company enable it to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities. The profitability of the Company is also influenced by the overall economic, geo-political condition of the Country, policies of the Government and the performance of the associated companies as well as the capital markets.

4. During the financial year, there has been no change in the nature of the business of the company or any other company in which the company has interest.

5. The information about the pattern of holding of the shares of the Company is attached hereto.

6. At present the Chief Executive/Managing Director is the only executive director of the Company and he is paid the salary and such other benefits as approved by the Board under the Articles and Association and as per HR Manual of the Company. No other director is being paid any extra remuneration by the Company, except the meeting fee for attending the Board and Committee meetings.

Chief Executive Officer **Director**

LSE Financial Services Ltd.

Pattern of Shareholding as on June 30, 2020

Number of Shareholders	Shareholdings	Total shares held
14	1 to 100	697
2	101 to 500	391
5	501 to 1,000	4,987
5	1,001 to 5,000	11,730
2	5,001 to 10,000	14,700
3	10,001 to 50,000	111,875
11	50,001 to 600,000	3,944,500
2	600,001 to 800,000	1,456,360
122	800,001 to 900,000	102,963,448
1	900,001 to 1,000,000	988,987
3	1,000,001 to 5,000,000	4,820,875
2	5,000,001 to 7,500,000	13,965,650
172		**128,284,200**

LSE Financial Services Ltd.

Categories of shareholders as on June 30, 2020

Categories of shareholders	Number of Shareholders	Shares held	%
Directors, Chief Executive Officer and their spouse and minor children:	**6**		
Mr. Asif Baig Mirza		100	0.000078
Mr. Ammar ul Haq		100	0.000078
Mr. Jahanzeb Mirza		1	0.000001
Mr. Khalid Waheed		1,000	0.000780
Mr. Omar Khalil Malik		100	0.000078
Mr. Rashid Rahman Mir		1	0.000001
Associated Companies, undertakings and related parties:	**4**		
ABM Securities (Pvt.) Ltd.		843,875	0.657817
Al-Haq Securities (Pvt.) Ltd.		843,875	0.657817
Networth Securities Ltd.		843,875	0.657817
S.D. Mirza Securities (Pvt.) Ltd.		843,975	0.657895
NIT & ICP	-	-	-
Banks Development Financial Institutions, Non Banking Financial Institutions:	**2**		
Allied Bank Ltd.		843,975	0.657895
SME Bank Ltd.		843,975	0.657895
Modaraba and Mutual Funds	1	843,975	0.657895
General Public:			
Local (Individuals)	48	23,267,798	18.137696
Foreign	-	-	
Others:			
Joint Stock Companies	108	95,130,675	74.156190
Gratuity Fund	1	1,687,950	1.315789
Superannuation Fund	1	1,444,975	1.126386
Escrow Account	1	843,975	0.657895
Total	**172**	**128,284,200**	**100**

Shareholders holding 10% or more: **Nil**

KRESTON
HYDER BHIMJI & CO
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the members of LSE Financial Services Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **LSE Financial Services Limited** ("the Company"), which comprises statement of financial position as at June 30, 2020, the statement of profit or loss, the statement of 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 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, the statement of comprehensive income, statement of changes in equity and 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, 2020 and of the profit, the 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 (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

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

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

KRESTON
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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements:

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

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

b) the statement of financial position, the statement of profit or loss, the statement of 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Shabir Ahmad, FCA.

LAHORE: OCTOBER 06, 2020

Kreston Hyder Bhimji
KRESTON HYDER BHIMJI& CO
CHARTERED ACCOUNTANTS
13.10.20

LSE FINANCIAL SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION AS ON JUNE 30, 2020

	Note	June 30, 2020	Restated June 30, 2019	Restated July 01, 2018
		..................(Rupees in '000s)..................		
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	**1,268,499**	1,282,831	1,287,409
Investment property	6	**378,431**	383,805	383,805
Investments accounted for using the equity method	7	**996,289**	882,958	796,058
Net investment in finance lease	8	**4,282**	3,690	3,986
Financial assets	9	**52,300**	-	-
Long term deposits	10	**1,762**	1,762	1,762
		2,701,563	2,555,046	2,473,020
CURRENT ASSETS				
Inventory		**1,778**	924	1,038
Trade and other receivables	11	**22,417**	15,147	32,868
Advances and prepayments	12	**2,945**	2,343	1,916
Financial assets	9	**414,867**	440,110	580,979
Tax refunds due from Government - net	13	**35,908**	33,451	34,933
Cash and bank balances	14	**69,732**	106,814	52,578
		547,647	598,789	704,312
		3,249,210	3,153,835	3,177,332
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital				
Issued, subscribed and paid-up share capital	15	**1,282,842**	1,282,842	1,282,842
Capital reserves				
Revaluation surplus on property, plant and equipment	16	**786,403**	779,597	777,143
Gain on available for sale investments		**4,964**	-	-
		791,367	779,597	777,143
Revenue reserves				
Retained earnings		**906,245**	846,813	763,958
Total equity		**2,980,454**	2,909,252	2,823,943
NON-CURRENT LIABILITIES				
Long term liabilities		-	-	2,704
Long term financing		-	-	85,714
Deferred tax	17	**121,760**	97,072	72,347
		121,760	97,072	160,765
CURRENT LIABILITIES				
Trade and other payables	18	**113,788**	116,417	150,367
Current portion of long term financing		-	-	14,286
Unpaid dividend	19	**26,476**	27,523	26,611
Unclaimed dividend	19	**6,732**	3,571	1,360
		146,996	147,511	192,624
CONTINGENCIES AND COMMITMENTS	20			
		3,249,210	3,153,835	3,177,332

The annexed notes 1 to 37 form an integral part of these financial statements.

Lahore — Chief Executive Officer — Chief Financial Officer — Director

LSE FINANCIAL SERVICES LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020	Restated June 30, 2019
		...........(Rupees	in '000s)............
REVENUE	21	137,442	138,091
OTHER INCOME	22	38,406	46,177
OPERATING EXPENSES			
Administrative and general expenses	23	(110,270)	(98,971)
OPERATING PROFIT		65,578	85,297
Finance cost	24	(42)	(9,004)
Share of profit of associates accounted for using the equity method - net of tax	7	136,333	124,101
PROFIT BEFORE TAXATION		201,869	200,394
Taxation	25	(41,793)	(47,095)
PROFIT AFTER TAXATION		160,076	153,299
EARNINGS PER SHARE OF RS. 10 EACH - basic and diluted	26	1.25	1.19

The annexed notes 1 to 37 form an integral part of these financial statements.

Lahore | Chief Executive Officer | Chief Financial Officer | Director

LSE FINANCIAL SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020	Restated June 30, 2019
		(Rupees in '000s)	
PROFIT FOR THE YEAR		160,076	153,299
Other comprehensive income / (loss)			
Items that are or may be subsequently reclassified to statement of profit or loss:			
Unrealized gain on investments classified as available for sale		6,991	-
Impact of deferred tax		(2,027)	-
		4,964	-
Items that will never be reclassified to statement of profit or loss:			
Revaluation surplus on property, plant and equipment		-	5,234
Impact of deferred tax		-	(1,208)
Share of other comprehensive income of associate		301	-
Revaluation surplus on property, plant and equipment net of tax - associate		8,505	-
Actuarial loss on employees' retirement benefits net of tax- associates		(18)	(4,050)
		8,788	(24)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		173,829	153,275

15,324

The annexed notes 1 to 37 form an integral part of these financial statements.

Lahore

Chief Executive Officer

Chief Financial Officer

Director

LSE FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

	SHARE CAPITAL	CAPITAL RESERVES			REVENUE RESER\	TOTAL EQUITY
	Issued, subscribed and paid up share capital - ordinary shares	Revaluation surplus on Property, Plant and Equipment - net of tax	Gain / loss) on available for sale Investments - net of tax	Total	Retained earnings	
	.......................(Rupees in '000s).......................					
Balance as at June 30, 2018 - previously reported	1,282,842	777,143	(9,070)	768,073	765,020	2,815,935
Impact of correction of error (note - 4.22)	-	-	9,070	9,070	(1,062)	8,008
Balance as at July 01, 2018 - restated	1,282,842	777,143	-	777,143	763,958	2,823,943
Profit for the year - restated	-	-	-	-	153,299	153,299
Other comprehensive loss net of tax - restated	-	4,026	-	4,026	(4,050)	(24)
Total comprehensive income for the year - restated	-	4,026	-	4,026	149,249	153,275
Transferred to retained earnings on account of incremental depreciation - net of tax	-	(1,572)	-	(1,572)	1,572	-
Transaction with owners:						
Cash dividend paid (Rs. 0.50 per share) for the year ended June 30, 2018	-	-	-	-	(64,142)	(64,142)
Balance as at June 30, 2019	**1,282,842**	**779,597**	-	**779,597**	**850,636**	**2,913,075**
Balance as at June 30, 2019 - previously reported	1,282,842	779,597	(9,010)	770,587	858,141	2,911,571
Impact of correction of error (note - 4.22)	-	-	9,010	9,010	(11,328)	(2,318)
Balance as at July 01, 2019 - restated	**1,282,842**	**779,597**	-	**779,597**	**846,813**	**2,909,253**
Profit for the year	-	-	-	-	160,076	160,076
Other comprehensive income / (loss) - net of tax	-	8,505	4,964	13,469	283	13,752
Total comprehensive income for the year		8,505	4,964	13,469	160,360	173,829
Transferred to retained earnings on account of incremental depreciation - net of tax	-	(1,699)	-	(1,699)	1,699	-
Transaction with owners:						
Cash dividend paid (Rs. 0.80 per share) for the year ended June 30, 2019	-	-	-	-	(102,627)	(102,627)
Balance as at June 30, 2020	**1,282,842**	**786,403**	**4,964**	**791,367**	**906,245**	**2,984,276**

The annexed notes 1 to 37 form an integral part of these financial statements.

15-7132

Lahore

Chief Executive Officer

Chief Financial Officer

Director

LSE FINANCIAL SERVICES LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020	Restated June 30, 2019
		(Rupees in '000s)	
Cash flows from operating activities			
Profit before tax		201,869	200,394
Adjustments for non - cash and other items:			
Depreciation		23,715	26,112
Share of profit of associates		(136,333)	(124,101)
Return on investments		(20,505)	(19,530)
Finance income on net investment in finance lease		(935)	(48)
Lease rentals		(45,997)	(52,565)
Fair value loss on remeasurement of investment property		5,374	-
Gain on investment measured at fair value through profit or loss		-	(18,932)
(Loss) / gain on disposal of property, plant and equipment		18	(480)
Employees' welfare fund		225	175
Provision against earned leaves		577	486
Allowance for impairment against trade receivables		4,999	2,571
Finance cost		42	9,004
Loss before working capital changes		(168,820)	(177,308)
Movement in working capital	29	29,825	33,133
Cash generated from operations		62,874	56,220
Employees' welfare fund paid		(225)	(175)
Earned leaves paid		(551)	(260)
Finance cost paid		(42)	(12,331)
Income tax paid		(21,589)	(22,096)
Net cash generated from operating activities		40,467	21,358
Cash flows from investing activities			
Fixed capital expenditure incurred		(9,558)	(16,449)
Proceed from disposal of property, plant and equipment		157	630
Net investment in finance lease		343	344
Investments matured during the year		26,582	170,402
Investments made during the year		(46,649)	(10,601)
Profit received on saving bank accounts and term deposits		20,299	20,244
Dividend received		31,790	29,328
Net cash generated from investing activities		22,964	193,898
Cash flows from financing activities			
Dividend paid		(100,513)	(61,020)
Repayment of long term financing		-	(100,000)
Net cash used in financing activities		(100,513)	(161,020)
Net (decrease) / increase in cash and cash equivalents		(37,082)	54,236
Cash and cash equivalents at the beginning of the year		106,814	52,578
Cash and cash equivalents at the end of the year	14	69,732	106,814

The annexed notes 1 to 37 form an integral part of these financial statements.

15-03-21

Lahore	Chief Executive Officer	Chief Financial Officer	Director

LSE FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

LSE Financial Services Limited ("the Company") was originally incorporated with the name of Lahore Stock Exchange (Guarantee) Limited under the Companies Act, 1913 (now the Companies Act, 2017) on October 05, 1970 as a Company limited by guarantee. The Company was re-registered as a public Company limited by shares under "Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012 on August 27, 2012. The registered office of the Company is situated at 19, Khayaban-e-Aiwan-e-Iqbal, Lahore, Pakistan. Securities and Exchange Commission of Pakistan ("the Commission") vide its notification dated August 25, 2015 directed integration of the stock exchanges in the country. Consequent to the approved scheme of integration of stock exchanges, the Company ceased its stock exchange operations and was granted a license by the Commission on January 11, 2016 to operate as an investment finance services company under the name LSE Financial Services Limited.

Prior to cessation of the stock exchange operations, the Company was engaged in listing, conducting, regulating and controlling the trade or business of buying, selling and dealing in shares, scripts, participation term certificates, modaraba certificates, pre-organization certificates and securities, stocks, bonds, debentures, debenture stocks, Government papers, loans and any other instruments and securities of like nature including but not limited to special national fund bonds and documents of a similar nature issued by the Government of Pakistan or any institution or agency authorized by it.

1.2 Discontinuing Operations

The Company entered into a Memorandum of Understanding (MoU) on August 25, 2015 with Karachi Stock Exchange Limited and Islamabad Stock Exchange Limited with the objective to form an integrated stock exchange for development of capital market of Pakistan under the name of Pakistan Stock Exchange Limited (PSX). Pursuant to the MoU, the Board of Directors of the Company approved a scheme of integration on September 23, 2015. The scheme was approved by the members of the Company in extraordinary general meeting held on October 28, 2015 for submission to the Commission. As per the MoU and the proposed scheme of integration, only stock exchange operations were merged into the Pakistan Stock Exchange Limited and the Trading Rights Entitlement Certificate (TREC) Holders of the Lahore Stock Exchange had become TREC Holders of PSX under the scheme of integration. The Commission approved the application of the Company to change its name from Lahore Stock Exchange Limited to 'LSE Financial Services Limited' and Company ceased to exist as stock exchange. Company was granted license to carry out Investment Finance Services as a NBFC on January 11, 2016.

The JCR-VIS Credit Rating Company Limited has reaffirm long term and short term credit ratings of the Company as "A" and "A-1" respectively with stable outlook on November 05, 2019.

The Company has obtained sufficient insurance coverage against any losses that may be incurred as a result of employees' fraud or gross negligence.

These financial statements are of the individual entity i.e. LSE Financial Services Limited.

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 International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 .

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, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 have been followed.

2.2 Basis of measurement

These financial statements have been prepared following accrual basis of accounting except for cash flow statement.

Inventory which is valued at lower of cost computed under FIFO basis or Net Realizable Value (NRV) in accordance with IAS 2;
Freehold land and building on freehold land which stands at revalued amount in accordance with IAS 16; and
Certain financial instruments which are carried at their fair value in accordance with IAS 39.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Use of key judgment, estimates and assumptions

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

o Useful lives, residual values and depreciation method of property, plant and equipment
o Determination of fair value of property, plant and equipment
o Fair value of investment property
o Useful lives, residual values and amortization method of intangible assets
o Fair value of equity shares
o Provision against doubtful trade and other receivables
o Impairment loss of non-financial assets other than stores and spares
o Estimation of provisions
o Estimation of contingent liabilities

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o Current income tax expense, provision for current tax and recognition of deferred taxasset (for carried forward tax losses)
o Classifications

The revisions to accounting estimates (if any) 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.

3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 July 2018 but deferred by SECP till June 30, 2020 for NBFCs). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

3.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant.

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2019 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

3.3 New accounting standards and amendments to standards not yet effective.

The following Standards, interpretations and amendments of published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each of them.

		Effective for the period beginning on or after
IAS-1	Presentation of Financial Statements & Accounting Policies, IAS 8 Changes in Accounting Estimates and Error - Amendments regarding the definition of "material"	January 01, 2020
IAS-1	Presentation of Financial Statements & Accounting Policies -Amendments regarding the classification of liabilities	January 01, 2023
IAS-16	Property, Plant and Equipment- Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 01, 2022
IAS-37	Provisions, Contingent Liabilities and Contingent Assets-Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IAS-41	Agriculture-Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (taxation in fair value measurements)	January 01, 2020
IFRS-1	First-time Adoption of International Financial Reporting Standards- Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (subsidiary as a first-time adopter)	January 01, 2022
IFRS-3	Business Combinations - Amendments updating a reference to the Conceptual Framework	January 01, 2022
IFRS-3	Business Combinations - Investments in Associates and Joint Ventures amendments resulting from Annual Improvements 2014-2016 Cycle clarifying certain fair value measurements	January 01, 2020
IFRS-4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS-9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS-9	Financial Instruments -Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities)	January 01, 2022
IFRS-7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR	January 01, 2020
IFRS-16	Leases -Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	June 01, 2020
	Revised Conceptual	January 01, 2020

3.4 New Standards issued by IASB but not yet been notified / adopted by SECP

Following new standards issued by IASB but not yet effective:

		Effective for the period beginning on or after
IFRS - 1	First Time Adoption of IFRS	January 01, 2004
IFRS - 17	Insurance Contracts	January 01, 2021

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below and have been consistently applied in the preparation of these financial statements and are same as those applied in earlier periods presented.

4.1 Taxation

Income tax comprises of current tax and deferred tax.

Income tax expense is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity (if any), in which case the tax amounts are recognized directly in in other comprehensive income or equity.

Current

Current tax is the expected tax payable on the taxable income for the year; calculated using rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credit and tax rebates, if any, and is inclusive of any adjustment to income tax payable or recoverable in respect of previous years.

Deferred

- Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.
- Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and tax credits can be utilized.
- Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, a valuation allowance is recognized against deferred tax assets so that the net amount equals the highest amount that is more likely than not to be realized on the basis of current or future taxable profit.

Off-setting

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority.

4.2 Property, plant and equipment

Measurement

All property, plant and equipment except land and building are stated at cost less accumulated depreciation and any identified impairment loss, if any, except for free hold land and building on free hold land which are stated at revalued amount, being the fair value at the date of their revaluation, less any subsequent accumulated impairment losses and any subsequent accumulated depreciation and subsequent accumulated impairment losses respectively.

Depreciation

Depreciation on all property, plant and equipment is charged to statement of profit or loss on the reducing balance method so as to write off the depreciable amount of an asset over the economic useful life using the annual rates mentioned in note 5.1 after taking their residual values into account.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.

Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized in as other income in the statement of profit or loss. In case of the sale or retirement of a revalued property, the attributable revaluation surplus remaining in the surplus on revaluation is transferred directly to the retained earnings.

Capital work-in-progress (CWIP)

Capital work-in-progress is stated at cost including, where relevant, related financing costs less identified impairment losses, if any. These are transferred to specific assets as and when these are available for its intended use.

Revaluation

Any revaluation increase arising on the revaluation of free hold land and building on free hold land is recognized in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognized in statement of profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of freehold land and building on freehold land is charged to profit or loss to the extent that it exceeds the balance, if any, held in the Revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The surplus on revaluation building on free hold land to the extent of incremental depreciation charged (net of deferred tax) is transferred to retained earnings.

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Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

4.3 Net investment in finance lease

Leases in which the Company transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessees are classified as finance leases. A receivable is recognized at an amount equal to the present value of the minimum lease payments, which are included in the financial statements as "net investment in finance leases".

4.4 Investment property

Recognition and Measurement

Investment property, which is property held to earn rentals and/or for capital appreciation, and is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property whose fair value can be measured reliably without undue cost or effort on an ongoing basis after initial recognition are measured at fair value, at each reporting date. The changes in fair value recognized in the statement of profit or loss. The fair value of investment property is determined at the end of each year using current market prices for comparable real estate, adjusted for any differences in nature, location and condition. Fair value gain / loss is included in other income.

Judgment and estimates

Determining adjustments for any differences in nature, location and condition of the investment property involves significant judgment.

4.5 Intangible assets

Measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method. Research and development expenditure is charged to 'administrative expenses' in the statement of profit or loss, as and when incurred. Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

Judgment and estimates

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

4.6 Investments accounted for using the equity method

The Company's interest in equity-accounted investees represents interest in associates. Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. These are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

4.7 Inventory

Inventory represents usable stores and spares and are valued principally on First in First Out Basis (FIFO), while items considered obsolete are carried at nil value.

4.8 Trade and other receivables

Measurement

Trade receivables are recognized and carried at original invoice value less an allowance for impairment. Bad debts are written off when identified.

Impairment

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognized in the statement of profit or loss. Bad debts are written-off in the income statement on identification.

Judgments and estimates

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realization of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

4.9 Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at FVTPL, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Company classifies non-derivative financial liabilities into the following categories: financial liabilities at FVTPL and other financial liabilities.

Non-derivative financial assets and financial liabilities - recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or it transfer the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risk and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liabilities (or a portion thereof) when its contractual obligations are discharged, cancelled or expires.

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

Non-derivative financial assets - measurement

Financial assets at FVTPL	A financial asset is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial asset is classified as at FVTPL are measured at fair value and changes therein, including any interest or dividend income, recognized in statement of profit or loss.
Held-to-maturity financial assets	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.
Loans and receivables	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.
Available-for-sale financial assets	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, are recognised in OCI and accumulated in fair value reserves. When the assets are derecognised, the gain or loss accumulated in equity is reclassified to statement of profit or loss.

Non-derivative financial liabilities - measurement

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognized in statement of profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using effective interest method.

4.10 Impairment

Non-derivative financial assets

Financial assets not classified as at FVTPL, including an interest in equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency be a debtor;
- Restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuer;
- The disappearance of an active market for a security because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the expected cash flows from group of financial assets.

For an investment in equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Company considers a decline of % to be significant and a period of nine month to be prolonged.

Financial assets measured at amortized cost	An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in statement of profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recover of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through statement of profit or loss.
Equity-accounted investe	An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in statement of profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Impairment of non-financial assets

The assets that are subject to depreciation or amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognized in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. The Company recognizes the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

4.11 Long term deposits

Deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in non-current assets for having maturities greater than 12 months after the reporting date. Initially they are recognized at fair value and subsequently stated at amortized cost.

4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flows statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements. In the statement of financial position, finances under mark-up arrangements are included in current liabilities.

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4.13 **Trade and other payables**

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

4.14 **Provisions**

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

4.15 **Related party transactions**

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

4.16 **Contingencies and commitments**

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Capital commitments, unless those are actual liabilities, are not incorporated in the books of accounts.

4.17 **Revenue recognition**

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer as follow:

Room maintenance services	The revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. Revenue is recognised in the amount to which the Company has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable with in ten days from the invoice date.
Software services	Revenue is recognised in the amount to which the Company has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable with in ten days from the invoice date. The revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.
Funds management fee	Income from trusts operations is recognized on the basis of average monthly net asset value of the funds.
Finance lease income	The Company follows the 'financing method' in accounting for recognition of finance lease. The total unearned finance income i.e. the excess of minimum lease payments over the cost of the leased asset is deferred and then amortized over the term of the lease, so as to produce a systematic return on the net investment in finance leases.
Return on MTS investments and fixed income securities	Return on MTS investments and fixed income securities is recognized on a time proportionate basis over the term of the investments that takes into account the effective interest method.
Rental income	Rental income from investment property that is leased to a third party under an operating lease is recognized in the statement of profit or loss on a straight-line basis over the lease term.
Other income	Other income, if any, is recognized on accrual basis.

- The Company does not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

4.18 **Dividend**

Dividend distribution and appropriations other than statutory appropriations are recorded in the period in which they are approved.

4.19 **Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.20 **Ordinary share capital**

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

4.21 **Comprehensive income**

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards.

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4.22 Correction of prior period error

In the prior years, the carrying amounts of the Company's investment in associated undertakings and its share of net total comprehensive income exceeded the proportionate share of net assets and net total comprehensive income of the associated undertakings being recognised in the books on the basis of un-audited financial statements, the impact of which is considered as material on the financial statements for the current year, hence retrospective adjustment has been made.

Since, the above adjustment is material, therefore, being incorporated in these financial statement retrospectively as per the requirement of para 42 of the IAS - 8, "Accounting Policies, Changes in Accounting Estimates and Errors". The impact of correction is as follow:

Statement of financial position

	As at July 01, 2018			As at June 30, 2019		
	As previously reported on June 30, 2018	Adjustments increase / (decrease)	As restated on July 01, 2018	As previously reported on June 30, 2019	Adjustments increase / (decrease)	As restated on June 30, 2019
	(Rupees in '000s)			(Rupees in '000s)		
Investments accounted for using the equity method	786,637	9,421	796,058	885,675	(2,717)	882,958
Retained earnings	(765,020)	1,062	(763,958)	(858,141)	11,328	(846,813)
Loss on available for sale investments	9,070	(9,070)	-	9,010	(9,010)	-
Deferred taxation	(70,934)	(1,413)	(72,347)	(97,471)	399	(97,072)

Statement of profit or loss for the year ended June 30, 2019

	As previously reported	Adjustments	Restated
Share of profit of associates accounted for using the equity method - net of tax	(131,354)	7,254	(124,100)
Taxation	48,907	(1,812)	47,095
Profit for the year	(158,740)	5,442	(153,299)
Earning per share of Rs. 10 each - basic and diluted *(Rupees)*	1.24	(0.05)	1.19

Statement of comprehensive income for the year ended June 30, 2019

	As previously reported	Adjustments	As restated
	(Rupees in '000s)		
Unrealized gain on investments classified as available for sale	(60)	60	-
Actuarial loss on employees' retirement benefits net of tax- associates	3,049	1,001	4,050
Total comprehensive income for the year	(159,777)	6,503	(153,275)

		Note	2020	2019
5	**Property, plant and equipment**		(Rupees in '000s)	
	Property, plant and equipment	5.1	1,242,848	1,256,579
	Capital work-in-progress	5.2	25,651	26,252
			1,268,499	1,282,831

Measurement of fair values

The Company obtains independent valuations for its freehold land and building (classified as property, plant and equipment) at least every three years. The valuation is conducted by an independent valuer M/s Unicorn International Surveyors, who is approved by Pakistan Banks' Association (PBA) in any amount category. Fresh valuation exercises were carried out as on June 30, 2019 (Previous was done on December 31, 2015).

Valuation techniques

Freehold land

The valuation expert used a market comparable approach for free hold land to arrive at the fair value. The key unobservable inputs under this approach are the price per square feet from current year sales of comparable lots of land in the area (location and size). Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well.

Building on freehold land

The valuation expert used a cost approach (i.e. current replacement values) for building on free hold land to arrive at the fair value. Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

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5.1 OPERATING FIXED ASSETS - TANGIBLE

	COST / REVALUED AMOUNT							ACCUMULATED DEPRECIATION						Book Value
	Balance as at 01-07-2019	Additions	Deletions	Revaluation surplus	Transfer from CWIP	Depreciation adjustment	Balance as at 30-06-2020	Rate	Balance as at 01-07-2019	For the Year	Deletions	Depreciation adjustment	Balance as at 30-06-2020	as at 30-06-2020
Owned assets														
Land freehold	1,059,660	-	-	-	-	-	1,059,660	-	-	-	-	-	-	1,059,660
Building on freehold land	95,139	-	-	-	-	-	95,139	5%	-	4,757	-	-	4,757	90,382
Computer and accessories	50,955	396	(369)	-	-	-	50,982	30%	48,450	815	(314)	-	48,951	2,031
Furniture and fixture	13,961	-	(94)	-	-	-	13,867	10%	8,435	552	(61)	-	8,926	4,941
Office equipment	7,399	65	(113)	-	-	-	7,351	20%	6,723	141	(71)	-	6,793	558
Electric fittings and appliances	109,156	7,437	(457)	-	699	-	116,835	20%	49,246	12,887	(412)	-	61,721	55,114
Vehicles	3,345	-	-	-	-	-	3,345	20%	2,045	260	-	-	2,305	1,040
Elevator	19,285	684	-	-	-	-	19,969	20%	9,082	2,089	-	-	11,171	8,798
Generator	33,960	246	-	-	-	-	34,206	10%	13,683	2,042	-	-	15,725	18,481
Arms and security equipment	3,581	632	-	-	-	-	4,213	10%	2,202	171	-	-	2,373	1,840
Library books	318	-	-	-	-	-	318	25%	314	1	-	-	315	3
Leasehold improvements	5,697	-	-	-	-	-	5,697	20%	5,697	-	-	-	5,697	-
Rupees in '000s - 2020	1,402,456	9,460	(1,033)	-	699	-	1,411,582		145,877	23,715	(858)	-	168,734	1,242,848

	COST / REVALUED AMOUNT							ACCUMULATED DEPRECIATION						Book Value
	Balance as at 01-07-2018	Additions	Deletions	Revaluation surplus	Transfer from CWIP	Depreciation adjustment	Balance as at 30-06-2019	Rate	Balance as at 01-07-2018	For the Year	Deletions	Depreciation adjustment	Balance as at 30-06-2019	as at 30-06-2019
Owned Assets														
Land freehold	1,058,590	-	-	1,070	-	-	1,059,660	-	-	-	-	-	-	1,059,660
Building on freehold land	101,659	-	-	4,164	-	(10,684)	95,139	5%	5,896	4,788	-	(10,684)	-	95,139
Computer and accessories	50,934	88	(67)	-	-	-	50,955	30%	47,457	1,052	(59)	-	48,450	2,505
Furniture and fixture	13,961	-	-	-	-	-	13,961	10%	7,821	614	-	-	8,435	5,526
Office equipment	7,374	25		-	-	-	7,399	20%	6,557	166	-	-	6,723	676
Electric fittings and appliances	108,081	209	(167)	-	1,033	-	109,156	20%	34,669	14,723	(146)	-	49,246	59,910
Vehicles	4,217	-	(872)	-	-	-	3,345	20%	2,457	339	(751)	-	2,045	1,300
Elevator	19,010	275	-	-	-	-	19,285	20%	7,060	2,022	-	-	9,082	10,203
Generator	33,960	-	-	-	-	-	33,960	10%	11,430	2,253	-	-	13,683	20,277
Arms and security equipment	3,581	-	-	-	-	-	3,581	10%	2,049	153	-	-	2,202	1,379
Library books	318	-	-	-	-	-	318	25%	312	2	-	-	314	4
Leasehold improvements	5,697	-	-	-	-	-	5,697	20%	5,697	-	-	-	5,697	-
Rupees in '000s - 2019	1,407,382	597	(1,106)	5,234	1,033	(10,684)	1,402,456		131,405	26,112	(956)	(10,684)	145,877	1,256,579

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5.1.1 Had the revaluation of these assets not been made, the carrying value of these assets as at June 30, would have been as under:

	2020	2019
	(Rupees in '000s)	
Free hold land	3,586	3,586
Building on free hold land	75,570	79,547
	79,156	83,133

5.1.2 Forced sale value and assessed value of these fixed assets as at the date of revaluation (i.e. June 30, 2019) was as under:

	Forced sale value	Assessed sale vale
Freehold land	900,711	1,059,660
Building on freehold land	80,868	95,139
	981,579	1,154,799

5.2 **Capital work in progress**

	Opening Balance	Additions	Transfer to operating fixed assets / adjustments	Closing Balance
	(Rupees in '000s)			
Civil work - building	25,553	98	-	25,651
Advances for capital expenditure - building	699	-	(699)	-
June 30, 2020	26,252	98	(699)	25,651
June 30, 2019	11,431	16,681	(1,860)	26,252

	Note	2020	2019
		(Rupees in '000s)	
6 INVESTMENT PROPERTY			
At fair value			
Carrying amount as at July 01,		383,805	383,805
Fair value loss on remeasurement		(5,374)	-
Carrying amount as at June 30,	6.1	378,431	383,805

6.1 This represents office spaces in LSE' towers representing 25,018 square feet. The fair value of investment property was determined by external, independent property valuers Messrs Unicorn International Surveyors as on June 30, 2020 having recognition on the panel of NBFI and modarba association of Pakistan. The valuation expert used a market comparable approach to arrive at the fair value. The key unobservable inputs under this approach are the price per square feet from current year sales of comparable commercial properties in the area (location and size).

6.2 Forced sale value of the investment property is assessed at Rs. 321.666 million (2019: Rs. 326.234 million) at the reporting date.

	Note	2020	*Restated* 2019
		(Rupees in '000s)	
7 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD			
The Pakistan Credit Rating Agency Limited (PACRA)		83,202	73,610
Central Depository Company of Pakistan Limited (CDC)		504,103	458,085
National Clearing Company of Pakistan Limited (NCCPL)		408,984	351,263
	7.1	996,289	882,958

15.7.3.21

7.1 **Reconciliation of changes in carrying value of investment in associates**

	2020			
	The Pakistan Credit Rating Agency Limited (PACRA)	Central Depository Company of Pakistan Limited (CDC)	National Clearing Company of Pakistan Limited (NCCPL)	Total
	......(Rupees in '000s)......			
Opening balance	73,610	458,085	351,263	882,958
Share of profit for the year	14,200	62,843	59,289	136,333
Share of other comprehensive income of associate	301	-	-	301
Actuarial loss on employees' retirement benefits	-	1,550	(1,568)	(18)
Revaluation surplus on property, plant and equipment	8,505	-	-	8,505
Dividend received during the year	(13,415)	(18,375)	-	(31,790)
Closing balance	83,202	504,103	408,984	996,289
Shareholding in %age	36.00%	10.00%	23.53%	

	2019			
	The Pakistan Credit Rating Agency Limited (PACRA)	Central Depository Company of Pakistan Limited (CDC)	National Clearing Company of Pakistan Limited (NCCPL)	Total
	......(Rupees in '000s)......			
Opening balance - restated	77,111	413,122	305,825	796,058
Effect of initial application of IFRS 9 and 15	(3,823)	-	-	(3,823)
Share of profit for the year - restated	14,738	61,748	47,615	124,101
Actuarial loss on employees' retirement benefits	(1,001)	(872)	(2,177)	(4,050)
Dividend received during the year	(13,415)	(15,913)	-	(29,328)
Closing balance - restated	73,610	458,085	351,263	882,958
Shareholding in %age	36.00%	10.00%	23.53%	

7.2 These are locally incorporated companies. The country of incorporation or registration of these companies is also their principal place of business. The Company has significant influence due to its representation on the Board of Directors of investees and consequently, they have been treated as associates according to the requirements of IAS 28 'Investment in Associates'. Therefore, investments in these associates have been accounted for under equity method. The shares of these associates are not listed on stock exchange, hence published price quotes are not available. Shares of all the associated companies have a face value of Rs. 10 each.

7.3 The investments in associated companies have been made in accordance with the requirements of the Companies Act, 2017.

7.4 The company has the following ownership interest in associates:

	2020		2019	
	Share held	%age	Share held	%age
The Pakistan Credit Rating Agency Limited (PACRA)	2,683,044	36.00%	2,683,044	36.00%
Central Depository Company of Pakistan Limited (CDC)	20,000,000	10.00%	15,000,000	10.00%
National Clearing Company of Pakistan Limited (NCCPL)	23,730,462	23.53%	17,797,847	23.53%

7.5 The following table summarises the financial information of associates as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Company's interest in associates.

15-732

	The Pakistan Credit Rating Agency Limited (PACRA)	Central Depository Company of Pakistan Limited (CDC)	National Clearing Company of Pakistan Limited (NCCPL)
	2020		
Country of incorporation	Pakistan	Pakistan	Pakistan
Principal activity	To carry out risk evaluation of companies and specific instruments. This evaluation is expressed in terms of assigned credit rating to the entity or the instrument reflecting the capacity to honor its debt or other fixed term obligations.	To act as depository for securities and open securities account	Clearing and settlement of securities through the National Clearing and Settlement System (NCSS). In addition, the Company administers the working and function of NCSS and is involved in the collection of CGT on behalf of FBR.
	..............(Rupees in '000s)..............		
Percentage ownership interest	36.00%	10.00%	23.53%
Non - current assets	214,488	1,567,084	742,457
Current assets	154,551	4,314,163	14,018,184
Non - current liabilities	13,608	221,804	27,465
Current liabilities	124,315	618,420	12,995,041
Net assets (100%)	231,116	5,041,023	1,738,135
Carrying amount of interest in associate	83,202	504,103	408,984
Revenue	258,736	1,561,968	1,015,609
Profit	39,445	628,433	251,973
OCI	24,463	15,498	(6,665)
Total OCI	63,908	643,931	245,308
Company's share of total comprehensive income	23,007	64,393	57,721

	The Pakistan Credit Rating Agency Limited (PACRA)	Central Depository Company of Pakistan Limited (CDC)	National Clearing Company of Pakistan Limited (NCCPL)
	2019		
	..............(Rupees in '000s)..............		
Percentage ownership interest	36.00%	10,00%	23.53%
Non - current assets	201,137	1,557,075	356,929
Current assets	116,229	3,805,884	13,088,151
Non - current liabilities	-	229,088	10,050
Current liabilities	112,895	553,027	11,942,203
Net assets (100%)	204,471	4,580,844	1,492,827
Carrying amount of interest in associate	73,610	458,085	351,263
Revenue	234,356	1,704,505	925,032
Profit	40,938	617,476	202,358
OCI	(2,780)	(8,722)	(9,254)
Total OCI	38,158	608,754	193,104
Company's share of total comprehensive income	13,737	60,875	45,438

7.6 During the year CDC and NCCPL issued 5,000,000 (2019: 4,391,002) and 5,932,615 (2019: nil) number of ordinary shares as bonus shares respectively.

7.7 The results of investment in associates have been presented based upon audited accounts of associated undertakings as at June 30, 2020.

	Note	2020	2019
		(Rupees in '000s)	
8 NET INVESTMENT IN FINANCE LEASE			
Opening balance		3,690	3,986
Add: unrecognized finance income - prior years		592	-
Add: Finance income for the year		343	-
Less: Rental received during the year		(343)	(296)
Closing balance	8.1	4,282	3,690

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	Note	2020	2019
		(Rupees in '000s)	

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

Upto one year		343	343
Two to five years		1,374	1,717
Above five years		27,066	27,066
		28,783	29,126
		(24,501)	(25,436)
		4,282	3,690

8.1 The Company has entered into lease arrangements for lease of office spaces i.e. 106,199 square feet in North and South Towers on a lease period of 99 years. Interest rate implicit @ 8% (2019: 8%) in the lease is used as a discount factor to determine the present value of minimum lease payments.

9 FINANCIAL ASSETS

	Note	2020	2019
Non-current			
Pakistan Investment Bonds (PIBs) - available for sale	9.1	52,300	-
Current			
Held-to-maturity			
Investment in Margin Trading System of NCCPL - related party	9.2	370,027	396,609
Government treasury bills	9.3	25,908	24,569
Held-for-trading			
Equity shares of Pakistan Mercantile Exchange Limited (PMEX)	9.4	18,932	18,932
Equity shares of Institute of Financial Market of Pakistan	9.5	-	-
		414,867	440,110

9.1 This represents investment in three year Pakistan Investment Bonds maturing as on September 19, 2022 carrying markup of 9% (2019: nil) p.a. payable half yearly and the selling yield rate is 12.87% (2019: nil) annually.

9.2 These carry mark-up up to KIBOR + 8.50% p.a. (2019: KIBOR + 8.50%).

9.3 This represents investment in treasury bills of six months carrying mark-up @ 7.4% p.a. (2019: 12.65% p.a.). A T-bill of Rs. 25 million has been lien marked against Bank Guarantee issued in favour of NCCPL as margin exposure for Margin Trading System. The said bank guarantee has been issued by MCB Bank Limited.

9.4 The Company holds 2,272,727 (2019: 2,272,727) equity shares of Pakistan Mercantile Exchange Limited. The fair value is used as used by other entities having shares of PMEX for valuation purposes, based on valuation techniques of level 3.

9.5 The Company also holds 200 equity shares of Institute of Financial Market of Pakistan. The fair value of these shares is nil at the terminal date (2019: nil).

10 LONG TERM DEPOSITS

	Note	2020	2019
	10.1	1,762	1,762

10.1 These represents security deposits given to companies against provision of utilities and services amounting to Rs. 1.224 million (2019: Rs. 1.224 million), security deposits against trading floors in Sialkot amounting to Rs. 0.288 million (2019: Rs. 0288 million) and security deposit for MTS trading amounting to Rs. 0.250 million (2019: Rs. 0.250 million).

11 TRADE AND OTHER RECIEVABLES - considered good

	Note	2020	2019
Trade receivables from ex-members	11.1	3,546	4,829
Other receivables			
From related parties - secured	11.2	2,137	2,229
Accrued mark-up		2,999	2,793
Others	11.3	13,735	5,296
		22,417	15,147

11.1 Trade receivables from ex - members

	Note	2020	2019
Considered good		3,546	4,829
Considered doubtful		15,308	10,309
		18,854	15,138
Less: Allowance for impairment	11.1.1	(15,308)	(10,309)
		3,546	4,829

15 [illegible]

		Note	2020	2019
			(Rupees in '000s)	
11.1.1	Movement allowance for impairment during the year			
	Opening balance		10,309	9,099
	Impairment loss recognised		4,999	1,210
	Closing balance		15,308	10,309

11.1.2 Age analysis of trade receivables from ex - members:

Description		Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	Total gross amount due
		...(Rupees in '000s)...					
Trade receivables	2020	2,016	1,839	699	3,812	10,488	18,854
Trade receivables	2019	2,481	895	842	2,908	8,012	15,138

		Note	2020	2019
			(Rupees in '000s)	
11.2	Other receivables from related parties:			
	MCF Trust Fund		215	199
	IPF Trust Fund		630	595
	TCF Trust Fund		992	990
	National Clearing Company of Pakistan Limited		144	289
	Central Depository Company of Pakistan Limited		156	156
			2,137	2,229

11.2.1 This represents receivable in respect of fund management services. There is no security for these receivables. The maximum aggregate amount outstanding at any time during the year from MCF Trust Fund, IPF Trust Fund and TCF Trust Fund was Rs. 0.421 million (2019: Rs. 0.336 million), Rs. 1.225 million (2019: Rs. 1.397 million)and Rs. 1.979 million (2019: Rs. 2.338 million) respectively at the end of a month.

11.2.2 Age analysis of other receivables from related parties:

Name of the parties	Current	Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	Total gross amount due
	...(Rupees in '000s)...						
MCF Trust Fund	215		-	-	-	-	215
IPF Trust Fund	630		-	-	-	-	630
TCF Trust Fund	992		-	-	-	-	992
National Clearing Company of Pakistan Limited		-	-	-	-	144	144
Central Depository Company of Pakistan Limited		-	-	-	-	156	156
June 30, 2020	1,837	-	-	-	-	300	2,137
June 30, 2019	1,784	-	-	-	-	445	2,229

		Note	2020	2019
			(Rupees in '000s)	
11.3	Others:			
	-Considered good		13,735	5,296
	-Considered doubtful		2,178	2,178
			15,913	7,474
	Less: Allowance for impairment		(2,178)	(2,178)
			13,735	5,296

11.3.1 Age analysis of other receivables:

Description		Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	Total gross amount due
		...(Rupees in '000s)...					
Other receivables	June 30, 2020	2,181	947	298	10,940	1,547	15,913
Other receivables	June 30, 2019	3,522	1,932	523	7	1,490	7,474

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	Note	2020	2019
		(Rupees in '000s)	
12 ADVANCES AND PREPAYMENTS			
Considered good			
Advances to employees - secured		485	433
Prepaid expenses		2,460	1,886
Due from others		-	24
		2,945	2,343
13 TAX REFUNDS DUE FROM GOVERNMENT - NET			
Income tax			
Wealth tax paid:			
- under protest	13.1	10,063	10,063
- with returns		461	461
		10,524	10,524
Less: provision for wealth tax		3,728	3,728
		6,796	6,796
Income tax deducted at source - net		51,263	50,233
Less: Written off during the year		(3,019)	-
Less: Provision of income tax for the year		(19,132)	(23,578)
		35,908	33,451

13.1 The Income Tax Appellate Tribunal, vide its order dated June 03, 2003, for the Assessment years 1992-93 and 1994-95 to 2000-01 accepted the contention that the Company qualifies for exemption under section 5(1)(i)/clause 22 of the Second Schedule to the Wealth Tax Act, 1963.

The Department has filed a writ petition before the Lahore High Court, Lahore against the aforesaid order of the Income Tax Appellate Tribunal. The petition is pending adjudication.

	Note	2020	2019
14 CASH AND BANK BALANCES			
Cash in hand		100	100
Cash at banks on :			
-Current accounts		153	149
-Saving accounts	14.1	69,479	106,565
		69,632	106,714
		69,732	106,814

14.1 These carry mark-up @ 6.5% to 10.25% p.a. (2019: @ 5.50% to 10.25% p.a.). Further, saving account includes the unpaid dividend amounting to Rs. 33.208 million (2019: Rs. 31.094 million).

15 SHARE CAPITAL

Authorized share capital

Authorized share capital comprises of 200,000,000 (2019: 200,000,000) ordinary shares of Rs. 10 each.	2,000,000	2,000,000

Issued, subscribed and paid up capital

2020	2019		Note	2020	2019
(Number of shares)				(Rupees in '000s)	
128,284,200	128,284,200	Ordinary shares of Rs. 10/- each issued for consideration other than cash	15.1	1,282,842	1,282,842

15.1 This includes shares issued against surplus on revaluation of the assets of the Company of Rs. 358.156 million (net of tax) in accordance with the requirements of Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012. This treatment regarding the surplus has also been approved by the Securities Exchange Commission of Pakistan.

15.2 The shareholders are entitled to receive all distributions including dividends 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.

15.3 No associated undertaking holds any share in the Company.

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16 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		(Rupees in '000s)	
Gross			
Balance as at July 01,		783,849	780,361
Fresh surplus on revaluation of property, plant and equipment-associate		8,505	5,234
Incremental depreciation for the year		(1,925)	(1,746)
		790,429	783,849
Less: Deferred tax:			
Balance as at July 01,		(4,252)	(3,218)
On fresh revaluation		-	(1,208)
Incremental depreciation for the year		226	174
Balance as at June 30,		(4,026)	(4,252)
Balance as at June 30,		786,403	779,597

16.1 The surplus on revaluation of property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

17 DEFERRED TAX

	Note	2020	Restated 2019
		(Rupees in '000s)	
Deferred tax liability		140,431	130,062
Deferred tax asset		(18,671)	(32,990)
	17.1	121,760	97,072

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

17.1 Analysis of change in deferred tax (assets) and liabilities:

	Accelerated tax depreciation	Unutilized tax losses	Tax credits	Unrealized fair value gain on debt / equity securities	Investments in associated companies	Net investment in finance lease	Employees' benefits	Impairment of doubtful debts and receivables	Total
	(Rupees in '000s)								
Balance as at July 01, 2019	18,170	(27,081)	(2,150)	5,490	105,332	1,070	(138)	(3,621)	97,072
Charge (credit) to profit or loss for the year	(1,302)	15,204	370	(8,381)	16,989	172	(206)	(187)	22,661
Charge to other comprehensive income	-		-	2,027	-	-	-	-	2,027
Balance as at June 30, 2020	16,868	(11,877)	(1,780)	(863)	122,321	1,242	(344)	(3,808)	121,760
Balance as at July 01, 2018 - restated	18,068	(31,644)	-	-	87,952	1,156	(73)	(3,113)	72,347
Charge (credit) to profit or loss for the year - restated	(1,106)	4,563	(2,150)	5,490	17,380	(86)	(65)	(508)	23,517
Charge to other comprehensive income	1,208		-	-	-	-	-	-	1,208
Balance as at June 30, 2019- restated	18,170	(27,081)	(2,150)	5,490	105,332	1,070	(138)	(3,621)	97,072

17.2 The business tax losses amounting to Rs. 42.758 million (2019: Rs. 78.085 million) will expire in tax year 2022.

18 TRADE AND OTHER PAYABLES

	Note	2020	2019
		(Rupees in '000s)	
Trade creditors		15,875	18,774
Accrued liabilities		14,479	10,188
Due to members		2,158	2,158
Advance rent received from tenants		11,434	10,202
Defaulted members' membership sale proceeds	18.1	44,131	52,571
Advances received from ex - members and companies		5,123	1,941
Retention money		2,982	2,783
Payables related to discontinued operations		16,828	17,800
PRA sales tax payable		778	-
		113,788	116,417

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18.1 This represents amounts realized through auctions of the defaulted members' memberships and have been retained by the Company for settlement of claims against these members.

19 UNCLAIMED / UNPAID DIVIDEND

As on the reporting date, the Company was in process to open an 'Unpaid Dividend Account' to transfer unclaimed and unpaid dividend. However, subsequent to the reporting date i.e. on August 24, 2020 these amounts have been transferred to the said account.

20 CONTINGENCIES AND COMMITMENTS

Contingencies

After the Integration of all three Stock Exchanges in Pakistan vide Order No. 1 of 2016 dated January 11, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), all the pending cases i.e. 38 cases related to Brokers and TREC Holders of erstwhile Lahore Stock exchange Limited were referred to the Funds Committee (constituted by SECP under the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012) for follow up and disposals of cases. These cases have been taken up by the Funds Committee and have been reported to the SECP through quarterly reports. Accordingly, the relevant contingent liability was also transferred to the relevant MCF, IPF and TCF Trusts in the sum of Rs. 1.323 billion (2019: Rs. 1.323 billion).

Commitments

Commitments for capital expenditure outstanding as at the reporting date were Rs. 7.389 million (2019: Rs.10.98 million).

21 REVENUE

The Company generates revenue primarily from investment in finance services i.e. margin trading system of NCCPL. Other sources of revenue include rental income from investment properties, rendering of room maintenance services to tenants, software services, and fund management fee, etc.

	Note	2020	2019
		(Rupees in '000s)	
Revenue from Margin Trading System of NCCPL - a related party		48,770	43,796
Other revenues - net of PRA sales tax			
From contracts with customers			
Room maintenance services		21,758	21,617
Fund management fee	21.1	17,960	17,080
Software services		2,957	3,033
		42,675	41,730
Investment properties - rental income	21.3	45,997	52,565
Total revenue		137,442	138,091

21.1 This represents fund management and operational fee charged to Members' Contribution Fund, Investors Protection Fund and TREC Holders' Contribution Fund trusts for the year ended June 30, 2020. Fund management and operational fee is calculated at the rate of 2% (2019: 2%) on closing net assets of the fund as per management accounts of the respective fund.

21.2 The PRA sales tax charged in the sum of Rs. 6.651 million (2019: Rs. 2.872 million) on room maintenance services, fund management fee and software income.

21.3 During the year the Company earned rental income from related parties namely; National Clearing Company of Pakistan Limited amounting to Rs. nil (2019: Rs. 1.612 million) respectively.

22 OTHER INCOME

	Note	2020	2019
		(Rupees in '000s)	
Income from financial assets			
At amortized cost / under effective interest method on:			
Profit on saving bank accounts		7,966	3,872
Term Deposit Receipts (TDRs)		-	8,049
Pakistan Investment Bonds (PIBs)		3,520	-
Market Treasury Bills (T-Bills)		9,019	7,609
		20,505	19,530

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	Note	2020	2019
		(Rupees in '000s)	
Held for trading			
Unrealized gain on equity shares of PMEX	9.4	-	18,932
Loans and receivables			
Finance income on net investment in finance lease		935	48
Income from non - financial assets			
Gain on disposal of property, plant and equipment		-	480
Fair value loss on remeasurement of investment properties	6	(5,374)	-
Miscellaneous		22,340	7,187
		16,966	7,667
		38,406	46,177

23 ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2020	2019
Salaries and benefits	23.1	35,575	29,247
Information technology related expenses		1,920	2,119
Insurance		1,026	1,288
Travelling and conveyance		1,659	1,629
Printing and stationery		480	463
Utilities		5,238	7,051
Repair and maintenance	23.2	6,942	8,139
Security expenses		5,082	5,452
Communication and public relations		2,008	1,644
Legal and professional charges		827	839
Consultancy charges		2,268	1,850
MTS charges		3,674	3,985
Fee and subscription		985	867
Rent, rates and taxes		1,848	1,882
Marketing and advertisement		190	224
Auditors' remuneration	23.3	452	470
Allowance for impairment against trade receivables	11.1.1	4,999	2,571
Tax refunds written off		3,019	-
Board meetings fee expenses		7,800	2,800
Others		563	338
Depreciation	5.1	23,715	26,113
		110,270	98,971

23.1 Salaries and benefits include Rs. 1.173 million (2019: Rs. 0.963 million) in respect of contribution to provident fund - a related party.

23.2 This includes repair and maintenance relating to the Company's investment properties amounting to Rs. 3.951 (2019: Rs. 4.641) million.

23.3 **Auditors' remuneration**

	2020	2019
Audit services		
Annual audit fee	288	289
Half yearly review fee	96	87
Out of pocket expenses	36	36
	420	412
Non - audit services		
Certifications for regulatory purposes	32	58
	452	470

24 FINANCE COST

	2020	2019
Mark-up on long term financing	-	8,904
Bank charges	42	100
	42	9,004

15.7.3

	Note	2020	Restated 2019
		(Rupees in '000s)	

25 TAXATION

	Note	2020	Restated 2019
Current	25.1	21,673	23,578
Prior year		(2,541)	-
Deferred	17.1	22,661	23,517
		41,793	47,095

25.1 Numerical reconciliation between average effective tax rate and the applicable tax rate is not applicable due to application of minimum tax and ACT.

26 EARNINGS PER SHARE

Basic earnings per share

		2020	Restated 2019
Profit after tax attributable to ordinary shareholders	*(Rupees in thousand)*	160,076	153,299
Weighted average number of shares outstanding during the year	*(Number of shares in thousand)*	128,284	128,284
Earnings per share	*(Rupees)*	1.25	1.19

Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2020 and June 30, 2019 which would have any effect on the earnings per share.

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27 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets	Note	2020	2019
		(Rupees in '000s)	
Loans and receivables			
Net investment in finance lease	8	4,282	3,690
Long term deposits	10	1,762	1,762
Trade and other receivables	11	22,417	15,147
Bank balances	14	69,632	106,714
Others		-	24
		98,093	127,337
Available for sale			
Debt instruments	9	52,300	-
Held-to-maturity			
Debt instruments	9	395,935	421,178
Designated at fair value through profit or loss			
Equity instruments	9	18,932	18,932
		565,260	567,446
Financial liabilities			
At amortized cost			
Trade and other payables		96,453	96,453
Unpaid dividend		26,476	27,523
Unclaimed dividend		6,732	3,571
		129,661	127,547

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

28.1 The company has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors of the company "the Board" has overall responsibility for the establishment and oversight of the company's risk management framework. The Board is responsible for developing and monitoring the company's risk management policies.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The company's Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company.

(a) Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from corporate clients i.e. tenants and investment in debt securities.

The carrying amount of financial assets represents the maximum credit exposure at the reporting date and is disclosed in note 26.

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Long term deposits

Long term deposits represent mainly deposits with utilities companies and security deposit for MTS trading, hence the management believes that no impairment allowance is necessary in respect of these long term deposits.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which the customer operate.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment terms are offered.

The Company limits its exposure to credit risk from trade receivables by establishing maximum payment period of 10 Days for corporate customers. The Company does not require collateral in respect of trade and other receivables.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

At June 30, 2020, the ageing of trade and other receivables and movement in allowance for impairment is disclosed in note 11.

Debt securities

The Company limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that is Government or have a credit rating of at least "AA" long term and "A-1" short term from PACRA or JCR-VIS.

Investments in T-Bills and Pakistan Investment Bonds are Government backed securities. The investment in Margin Trading System of NCCPL is in the margin eligible securities as notified by NCCPL time to time managed by NCCPL itself, hence credit risk is minimal.

The exposure to credit risk for debt securities at held-to-maturity category at the reporting date was as follows.

	Note	2020	2019
		(Rupees in '000s)	
Investment in MTS of NCCPL	9	370,027	396,609
Market Treasury Bills (T-bills)	9	25,908	24,569
		395,935	421,178

Cash and cash equivalents

The cash and cash equivalents are held with bank and financial institution counterparties, which are rated as described below, based on rating agencies' ratings. The Company considers that its cash and cash equivalents have low credit risk based on the latest external credit ratings of the counterparties.

Banks	Rating Short term	Rating Long term	Rating Agency	2020	2019
				(Rupees in '000s)	
Allied Bank Limited	A-1+	AAA	PACRA	5	5
Bank Alfalah Limited	A-1+	AA+	PACRA	5,186	1,099
Bank Al-Habib Limited	A-1+	AA+	PACRA	12,394	24,792
Habib Bank Limited	A-1+	AAA	JCR-VIS	44,098	52,776
MCB Limited	A-1+	AAA	PACRA	7,895	27,578
National Bank of Pakistan	A-1+	AAA	JCR-VIS	49	45
Summit Bank Limited	A-3	BBB-	JCR-VIS	5	419
				69,632	106,714

(b) **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity.

Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

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The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

Non- derivative financial instruments as at June 30, 2020

	Carrying amount	Total	Up to one month	One month to three months	Three months to one year	One year to five years
	....	....	........(Rupees in '000s)........	....	....	....
Trade and other payables	96,453	96,453	-	-	96,453	-
Unpaid dividend	26,476	26,476	-	-	26,476	-
Unclaimed dividend	6,732	6,732	-	6,732	-	-
	129,661	129,661	-	6,732	122,929	-

Non- derivative financial instruments as at June 30, 2019

	Carrying amount	Total	Up to one month	One month to three months	Three months to one year	One year to five years
	....	....	........(Rupees in '000s)........	....	....	....
Trade and other payables	104,274	104,274	-	-	104,274	-
Unpaid dividend	27,523	27,523	-	-	27,523	-
Unclaimed dividend	3,571	3,571	-	3,571	-	-
	135,368	135,368	-	3,571	131,797	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

(c) **Market risk**

Market risk is the risk that changes in market prices e.g. foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Yield / interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not significantly exposed to interest rate risk as it does not have any interest bearing liabilities. However, the Company has fixed interest based investments. These investments are classified as short term considering management's intention. Other assets and liabilities of the Company does not expose the Company to interest rate risk substantially.

Investments in T-Bills and PIBs are Government backed securities with guaranteed return. The maturity profile of investment in MTS and treasury bills is from zero to ninety days. Therefore, any changes in the interest rate do not affect the cash flows of the Company.

15.13.3v

The Company's exposure to interest rate risk and the effective rates on its financial assets and liabilities are summarized as follows:

As at June 30, 2020

Financial assets	Note	Effective yield / profit rates (%)	Mark-up bearing		Non Markup bearing
			Fixed rate	*Variable rate*	
Investments	9				
Pakistan Investment Bonds (PIBs)		9% / 12.87%	52,300	-	-
Investment in NCCPL		13.50%	-	370,027	-
Treasury Bills (T-bills)		7.40%	25,908	-	-
Equity shares of Pakistan Mercantile Exchange Limited (PMEX)			-	-	18,932
Trade and other receivables	11		-	-	22,417
Long term deposits	10		-	-	1,762
Cash and bank balances	14	6.5% to 10.25%	69,479	-	253
Financial liabilities					
Trade and other payables	18		-	-	96,453
Unpaid dividend			-	-	26,476
Unclaimed dividend			-	-	6,732

As at June 30, 2019

Financial assets	Note	Effective mark-up rates (%)	Mark-up bearing		Non Markup bearing
			Fixed rate	*Variable rate*	
Investments	9				
Investment in NCCPL		13.50%	-	396,609	-
Treasury Bills (T-bills)		12.65%	24,569	-	-
Equity shares of Pakistan Mercantile Exchange Limited (PMEX)			-	-	18,932
Trade and other receivables	11		-	-	15,147
Long term deposits	10		-	-	1,762
Cash and bank balances	14	5.5% to 10.25%	106,565	-	249
Financial liabilities					
Trade and other payables	18		-	-	104,274
Unpaid dividend			-	-	27,523
Unclaimed dividend			-	-	3,571

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	2020	2019
	(Rupees in '000s)	
100 basis points increase	**3,700**	3,966
100 basis points decrease	**(3,700)**	(3,966)

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Currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is not exposed to the currency risk as the major transactions of the Company are carried out in the local currency.

Other market price risk

Price risk is the risk that the value of a security or portfolio of securities will decline in the future. It is the risk of losing money due to a fall in the market price of a security that the entity owns. It results from changes in the value of marked-to-market financial instruments. Currently entity has no security designated as held for trading therefore there is no implications of price risks.

Other price risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in equity instruments.

Sensitivity analysis - Equity price risk

A 10% increase / decrease in the market price of equity shares at year end would have decreased / increased surplus on re-measurement of investments as follows:

	2020	2019
	(Rupees in '000s)	
10% increase	1,893	1,893
10% decrease	(1,893)	(1,893)

The sensitivity analysis prepared is not necessarily indicative of the effects on other comprehensive income, equity and assets of the Company.

Fair value of financial assets and liabilities

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

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

The Company has not disclosed the fair values of the financial assets and financial liabilities as disclosed in note 26 because their carrying amounts are reasonable approximation of fair values, except fair value of equity instruments.

The table analyses financial and non-financial assets measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

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Financial assets	Note	As on June 30, 2020			
		Carrying amount	Recurring fair value		
		Rupees '000'	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss (equity securities)	9.4	18,932	-	-	18,932
Financial assets at fair value through OCI (debt securities)	9.1	52,300	-	52,300	-
Non financial assets					
Operating fixed assets (freehold land and building)	5.1	1,150,042	-	1,150,042	-
Investment property	6	378,431	-	378,431	-

Financial assets	Note	As on June 30, 2019			
		Carrying amount	Recurring fair value		
		Rupees '000'	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss (equity securities)	9.4	18,932	-	-	18,932
Non financial assets					
Operating fixed assets (freehold land and building)	5.1	1,154,799	-	1,154,799	-
Investment property	6	383,805	-	383,805	-

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity instruments - shares		
Income approach (i.e. a present value technique): The fair value is performed based on discounted cash flows methodology, using various business assumptions for estimating future cash flows which are based on economic data and historical performance.	Discount rate and growth rate	The estimated fair value would increase (decrease) if the adjusted market multiple were higher (lower).
Debt instruments - PIBs		
Market approch	Per unit price	The estimated fair value would increase (decrease) if the price go higher (lower).

Reconciliation of Level 3 fair value	2020	2019
	(Rupees in '000s)	
Balance as on July 01,	18,932	-
Net change in fair value - unrealized	-	18,932
Balance as on June 30,	18,932	18,932

Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

15.7.3.21

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

The gearing ratio as at June 30, is as follows:

	2020	2019
	(Rupees in '000s)	
Long term financing	-	-
Issued, subscribed and paid up capital	1,282,842	1,282,842
Capital reserves	791,367	779,597
Unappropriated profit	906,245	846,813
Total capital	2,980,454	2,909,252
Capital employed	2,980,454	2,909,252
Gearing ratio	0%	0%

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- 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
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation including insurance where this is effective

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	Note	2020	2019
		(Rupees in '000s)	

29 MOVEMENT IN WORKING CAPITAL

(Increase) / decrease in current assets:			
- Stores and spares		(854)	114
- Trade and other receivables		(12,063)	14,436
- Advances and prepayments		(602)	(427)
		(13,519)	14,123
Increase / (decrease) in current liabilities:			
- Trade and other payables		(4,084)	(22,915)
- Advance rent received from tenants		47,229	40,892
- Retention money		199	1,033
		43,344	19,010
		29,825	33,133

30 TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationships with its associated companies, staff provident fund, directors and key management personnel and entities over which the directors or key management personnel are able to exercise significant influence. The Company in the normal course of business carries out transactions with various related parties. These transactions are executed substantially on the same terms as those prevailing at the time of comparable transactions with unrelated parties and do not involve more than a normal risk. Amounts due from and due to related parties are disclosed in the relevant notes, whereas, transactions with these related parties are disclosed below.

Names of Related Parties	Relationship / percentage shareholding	Transactions during the year	2020	2019
			(Rupees in '000s)	
Transactions with Associated Undertakings				
National Clearing Company of Pakistan Limited	23.53%	Annual fee	250	250
		Income from Margin Trading System	48,770	43,796
		Provision of facilities	3,249	1,866
		Reimbursement of facilities	3,710	1,878
		Trading charges	3,431	3,735
		Rental income	-	1,883
		Rent received	-	1,612
		Deposit received	-	13,872
Central Depository Company of Pakistan	10%	Dividend received	18,375	15,913
		Provision of facilities	8,175	3,596
		Reimbursement of facilities	8,482	2,978
Pakistan Credit Rating Agency Limited	36%	Dividend received	13,415	13,415
Transactions with key management personnel				
Chief executive	Key management	Remuneration	4,334	4,334
		Contribution to provident fund	279	279
Transactions with others				
Lahore Stock Exchange Limited - Employees' Provident Fund Trust	Trust	Contribution for the year	1,173	963
MCF Trust Fund	Associate	Management fee	2,429	2,237
IPF Trust Fund	Associate	Management fee	7,140	6,601
TCF Trust Fund	Associate	Management fee	11,256	10,690
Directors	Non-Executive	Utilities	1,186	1,062
Directors	Non-Executive	Dividend paid	2,700	1,688
Directors	Non-Executive	Travelling reimbursement	100	-
Directors	Non-Executive	Meeting fees	7,800	2,800

31 MANAGERIAL REMUNERATION OF CHIEF EXECUTIVE

The aggregate amount charged in these accounts for the year for remuneration, including benefits to chief executive of the company is as follows:

	2020	2019
	(Rupees in '000s)	
Managerial remuneration	2,790	2,552
Company's contribution to the provident fund trust	279	232
Housing and utilities	1,395	1,160
Others	150	200
	4,614	4,144
Number	1	1

Chief Executive is provided with the Company's maintained car (1,600 cc).

32 STAFF STRENGTH	2020	2019
Total employees of the Company at the year end	44	45
Average number of employees of the Company during the year	44	43

	2020	2019
	(Rupees '000)	
33 PROVIDENT FUND TRUST - related party		
Size of fund	11,096	7,803
Cost of investments made	10,191	7,295
Percentage of investments	92%	93%
Fair value of investments	8,532	6,355
Breakup of investment		
Market Treasury Bills	8,532	6,355
Bank balance	1,659	940
	10,191	7,295

The figures for 2020 and 2019 are based on the audited financial statements of the Provident Fund Trust. All investments out of provident fund has been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

34 EVENT AFTER THE END OF REPORTING DATE

On 06-10-2020 the Board of Directors of the Company voted to declare a dividend of Rs. 0.70 per share (2019: Rs. 0.80 per share). Because the obligation arose in 2020, a liability is not shown in the statement of financial position at June 30, 2020.

35 EFFECTS OF COVID - 19 ON THE FINANCIAL STATEMENTS

On March 11, 2020, the World Health Organization declared that the outbreak of coronavirus (COVID-19) is characterized as a pandemic. As a result, businesses have subsequently been affected amongst others with temporary suspension of travel, closure of recreation and public facilities.

To alleviate the negative impact of the COVID - 19 pandemic, the Government, State Bank of Pakistan including financial institutions affiliated to those banks, and regulators have taken measures and issued directors to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market.

This pandemic significantly affected the financial markets around the globe. As a result stock markets worldwide have declined sharply and volatility has increased. For many assets and liabilities, fair values may have changed significantly, reflecting changes in cash flow forecasts, higher uncertainty and elevated risks. The fair value of an asset (or liability) should reflect market conditions at the measurement date.

The evolution of COVID-19 as well as its impact on the global and the local economy is hard to predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations.

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36 AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on 06-10-2020

37 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary. However, no major reclassifications have been made during the year.

Lahore

Chief Executive Officer

Chief Financial Officer

Director