

## **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, 2021, 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, 2021 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.

### **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.

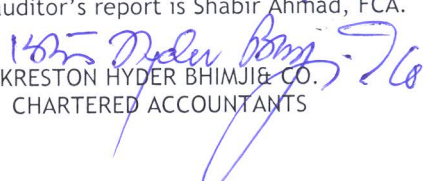
### **Report on Other Legal and Regulatory Requirements:**

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, 2021

  
KRESTON HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS

**LSE FINANCIAL  
SERVICES LIMITED**

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

**LSE FINANCIAL SERVICES LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS ON JUNE 30, 2021**

	<u>Note</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
.....(Rupees in '000s).....			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	1,266,706	1,268,499
Investment property	6	378,431	378,431
Investments accounted for using equity method	7	1,115,605	996,289
Net investment in finance lease	8	4,281	4,282
Financial assets	9	-	52,300
Long term deposits	10	1,474	1,762
		<b>2,766,497</b>	<b>2,701,563</b>
<b>CURRENT ASSETS</b>			
Inventory		1,765	1,778
Trade and other receivables	11	9,473	22,417
Advances and prepayments	12	2,471	2,945
Financial assets	9	507,136	414,867
Tax refunds due from Government - net	13	39,770	35,908
Cash and bank balances	14	79,824	69,732
		<b>640,439</b>	<b>547,647</b>
		<b>3,406,936</b>	<b>3,249,210</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Share capital</b>			
Issued, subscribed and paid-up share capital	15	1,282,842	1,282,842
<b>Capital reserves</b>			
Revaluation surplus on property, plant and equipment	16	776,227	786,403
Gain on available for sale investments		-	4,964
		<b>776,227</b>	<b>791,367</b>
<b>Revenue reserves</b>			
Building reserve fund	17	1,425	-
Retained earnings		1,060,658	906,243
		<b>1,062,083</b>	<b>906,243</b>
<b>Total equity</b>		<b>3,121,152</b>	<b>2,980,452</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term finance	18	6,157	-
Deferred tax	19	127,697	121,760
		<b>133,854</b>	<b>121,760</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	20	99,646	96,962
Current portion of long term finance	18	1,539	-
Unpaid dividend		26,460	26,476
Unclaimed dividend		7,917	6,732
		<b>135,562</b>	<b>130,170</b>
Deposits payable related to discontinued operations	21	16,368	16,828
<b>CONTINGENCIES AND COMMITMENTS</b>			
	22	<b>3,406,936</b>	<b>3,249,210</b>

The annexed notes 1 to 39 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, 2021**

	<u>Note</u>	June 30, 2021 .....(Rupees in '000s).....	June 30, 2020
REVENUE	23	130,073	137,442
OTHER INCOME	24	23,103	38,406
<b>OPERATING EXPENSES</b>			
Administrative and general expenses	25	<u>(117,625)</u>	<u>(110,270)</u>
<b>OPERATING PROFIT</b>		<b>35,551</b>	<b>65,578</b>
Finance cost	26	(96)	(42)
Share of profit of associates accounted for using the equity method - net of tax	7	<u>243,686</u>	<u>136,332</u>
<b>PROFIT BEFORE TAXATION</b>		<b>279,141</b>	<b>201,868</b>
Taxation	27	(43,159)	(41,793)
<b>PROFIT AFTER TAXATION</b>		<u><b>235,982</b></u>	<u><b>160,075</b></u>
<b>EARNINGS PER SHARE OF RS. 10 EACH - basic and diluted</b>	28	<u><b>1.84</b></u>	<u><b>1.25</b></u>

15.02

The annexed notes 1 to 39 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, 2021**

	<u>Note</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
		(Rupees	in '000s)
<b>PROFIT FOR THE YEAR</b>		<b>235,982</b>	<b>160,075</b>
<b>Other comprehensive income / (loss)</b>			
<i>Items that are or may be subsequently reclassified to statement of profit or loss:</i>			
Unrealized gain on investments classified as available for sale		-	6,991
Impact of deferred tax		-	(2,027)
Reclassification of unrealized gain on investments classified as available for sale to profit or loss		(6,991)	-
Impact of deferred tax		2,027	-
		<b>(4,964)</b>	<b>4,964</b>
<i>Items that will never be reclassified to statement of profit or loss:</i>			
Share of other comprehensive income of associates		(303)	301
Revaluation surplus on property, plant and equipment net of tax - associates		-	8,505
Actuarial loss on employees' retirement benefits net of tax- associates		(215)	(18)
		<b>(518)</b>	<b>8,788</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>230,500</b>	<b>173,827</b>

13.82

The annexed notes 1 to 39 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, 2021

	SHARE CAPITAL	CAPITAL RESERVES			REVENUE RESERVES			TOTAL EQUITY
	Issued, subscribed and paid up share capital - ordinary shares	Revaluation surplus on Property, Plant and Equipment - net of tax	Gain on available for sale investments - net of tax	Total	Building reserve fund	Retained earnings	Total	
.....(Rupees in '000s).....								
Balance as at June 30, 2019	1,282,842	779,597	-	779,597	-	846,813	846,813	2,909,252
Profit for the year	-	-	-	-	-	160,075	160,075	160,075
Other comprehensive income - net of tax	-	8,505	4,964	13,469	-	283	283	13,752
Total comprehensive income for the year	-	8,505	4,964	13,469	-	160,358	160,358	173,827
Transferred to retained earnings on account of incremental depreciation - net of tax	-	(1,699)	-	(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)	(102,627)
<b>Balance as at June 30, 2020</b>	<b>1,282,842</b>	<b>786,403</b>	<b>4,964</b>	<b>791,367</b>	<b>-</b>	<b>906,243</b>	<b>906,243</b>	<b>2,980,452</b>
Balance as at July 01, 2020	1,282,842	786,403	4,964	791,367	-	906,244	906,244	2,980,453
Profit for the year	-	-	-	-	-	235,982	235,982	235,982
Other comprehensive income / (loss) - net of tax	-	-	(4,964)	(4,964)	-	(518)	(518)	(5,482)
Total comprehensive income for the year	-	-	(4,964)	(4,964)	-	235,464	235,464	230,500
Transfer of revaluation surplus realized on property, plant and equipment to retained earnings - associate	-	(8,505)	-	(8,505)	-	8,505	8,505	-
Transfer from retained earning to building reserve fund	-	-	-	-	1,425	(1,425)	-	-
Transferred to retained earnings on account of incremental depreciation - net of tax	-	(1,671)	-	(1,671)	-	1,671	1,671	-
Transaction with owners:								
Cash dividend paid (Rs. 0.70 per share) for the year ended June 30, 2020	-	-	-	-	-	(89,799)	(89,799)	(89,799)
<b>Balance as at June 30, 2021</b>	<b>1,282,842</b>	<b>776,227</b>	<b>-</b>	<b>776,227</b>	<b>1,425</b>	<b>1,060,658</b>	<b>1,062,083</b>	<b>3,121,152</b>

The annexed notes 1 to 39 form an integral part of these financial statements.

Lahore

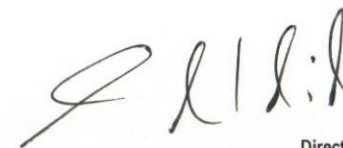
Chief Executive Officer



Chief Financial Officer



Director



**LSE FINANCIAL SERVICES LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Note</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
		(Rupees in '000s)	
<b>Cash flows from operating activities</b>			
Profit before tax		279,141	201,868
<b>Adjustments for non - cash and other items:</b>			
Depreciation		22,806	23,715
Share of profit of associates		(243,686)	(136,332)
Return on investments		(14,133)	(20,505)
Finance income on net investment in finance lease		(344)	(935)
Lease rentals		(46,242)	(45,997)
Fair value loss on remeasurement of investment property		-	5,374
(Gain) / loss on disposal of property, plant and equipment		(102)	18
Fair value unrealized gain equity instruments		(154)	-
Long term deposit		288	-
Employees' welfare fund		193	225
Provision against earned leaves		592	577
Impairment loss on trade and other receivables - net		470	4,999
Finance cost		96	42
<b>Loss before working capital changes</b>		(280,215)	(168,819)
<b>Movement in working capital</b>	31	60,942	29,825
<b>Cash generated from operations</b>		59,868	62,874
Employees' welfare fund paid		(193)	(225)
Earned leaves paid		(389)	(551)
Finance cost paid		(96)	(42)
Income tax paid		(39,057)	(21,589)
<b>Net cash generated from operating activities</b>		20,133	40,467
<b>Cash flows from investing activities</b>			
Fixed capital expenditure incurred		(21,022)	(9,558)
Proceed from disposal of property, plant and equipment		166	157
Net investment in finance lease - rentals		345	343
Investments made during the year		(92,115)	(46,649)
Investments matured during the year		50,667	26,582
Profit received on saving bank accounts and term deposits		9,000	20,299
Dividend received		123,852	31,790
<b>Net cash generated from investing activities</b>		70,893	22,964
<b>Cash flows from financing activities</b>			
Dividend paid		(88,630)	(100,513)
Receipt of long term financing		7,696	-
<b>Net cash used in financing activities</b>		(80,934)	(100,513)
<b>Net increase / (decrease) in cash and cash equivalents</b>		10,092	(37,082)
<b>Cash and cash equivalents at the beginning of the year</b>		69,732	106,814
<b>Cash and cash equivalents at the end of the year</b>	14	79,824	69,732

The annexed notes 1 to 39 form an integral part of these financial statements.

Lahore

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



**LSE FINANCIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**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 December 17, 2020.

The Company has obtained sufficient insurance coverage against 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
- o Estimation of provisions
- o Estimation of contingent liabilities
- o Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses)
- o Classifications

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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, 2021 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, 2020 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.

		<b>Effective for the period beginning on or after</b>
IAS-12	Income Taxes (The amendments to narrow the scope of the initial recognition exemption)	January 01, 2023
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	Amendment resulting from Annual Improvements to IFRS Standards 2018-2020 (the amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique)	January 01, 2022
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-4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
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-16	Amended by Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	April 01, 2021
IFRS-16	Amendment resulting Annual Improvements to IFRS Standards 2018-2020 (to resolve any potential confusion that might arise in lease incentives)	January 01, 2022
IFRS-10	Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures (Amendment regarding sale or contribution of assets between an investor and its associate or Joint Venture).	The effective date for these changes has been deferred indefinitely until the completion of a broader review. January 01, 2022

Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IOBR reform. The amendments also allow a series of exemptions from regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms.

#### 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:

		<b>Effective for the period beginning on or after</b>
IFRS - 1	First Time Adoption of IFRS	July 01, 2009
IFRS - 17	Insurance Contracts	January 01, 2023

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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

- o 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.
- o 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.
- o 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 freehold land and building on freehold land are stated at cost less accumulated depreciation and identified impairment loss, if any, except for freehold land which is stated at revalued amount, being the fair value at the date of their revaluation, less subsequent accumulated impairment losses, if any, and building on freehold land which is also stated at revalued amount, being the fair value at the date of their revaluation, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

###### 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 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.

#### 4.6 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.

#### 4.7 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.

#### 4.8 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.

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.

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**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.

#### **4.9 Impairment**

##### **Impairment of 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:

- o Default or delinquency by a debtor;
- o Restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- o Indications that a debtor or issuer will enter bankruptcy;
- o Adverse changes in the payment status of borrowers or issuer;
- o The disappearance of an active market for a security because of financial difficulties; or
- o 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.

**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 investee** 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.

#### **4.10 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.

#### **4.11 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.

#### **4.12 Borrowings and related costs**

##### **Measurement**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

##### **Interest-free / subsidised loan**

In case the loan is interest-free or carries interest below the prevalent market rate, it is initially recognized at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The difference between the discounted present value and actual receipt is recognized as finance income. Subsequently, the interest-free loan is measured at amortized cost, using the effective Interest rate method, this involves unwinding of discount, such that at the repayment date, the carrying value of obligation equals the amount to be repaid. The unwinding of discount is included in finance costs in the statement of profit or loss.

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#### Borrowing costs

Borrowing costs are accounted for on the basis of the effective interest method and are included in finance costs which are charged to income in the period in which these are incurred, except borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Borrowings are reported under accrued finance costs to the extent of the amount remaining unpaid and are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### 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:

- o 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
- o 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 Employees benefits

##### **Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### **Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company operates a defined contribution plan in the form of recognized provident fund scheme for the permanent employees. Contributions to fund are made monthly by the Company and employee at 10% of the basic salary. The Company's contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

#### 4.18 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	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 10 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 10 days from the invoice date.
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.

#### 4.19 Dividend

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

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#### 4.20 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.

#### 4.21 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.

#### 4.22 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.

	Note	2021	2020
5			
<b>Property, plant and equipment</b>			
		(Rupees in '000s)	
Property, plant and equipment	5.1	1,265,905	1,242,848
Capital work-in-progress	5.2	801	25,651
		<u>1,266,706</u>	<u>1,268,499</u>

#### 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.

The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

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5.1 OPERATING FIXED ASSETS - TANGIBLE

	COST / REVALUED AMOUNT				Rate	ACCUMULATED DEPRECIATION				Book Value as at 30-06-2021	
	Balance as at 01-07-2020	Additions	Deletions	Transfer from CWIP		Balance as at 30-06-2021	Balance as at 01-07-2020	For the Year	Deletions		Balance as at 30-06-2021
<u>Owned assets</u>											
Land freehold	1,059,660	-	-	-	1,059,660	-	-	-	-	1,059,660	
Building on freehold land	95,139	150	-	24,171	119,460	5%	4,757	5,340	-	10,097	109,363
Computer and accessories	50,982	588	(215)	-	51,355	30%	48,951	705	(175)	49,481	1,874
Furniture and fixture	13,867	-	-	-	13,867	10%	8,926	494	-	9,420	4,447
Office equipment	7,351	25	(25)	-	7,351	20%	6,793	113	(12)	6,894	457
Electric fittings and appliances	116,835	-	(94)	19,889	136,630	20%	61,721	12,064	(84)	73,701	62,929
Vehicles	3,345	-	-	-	3,345	20%	2,305	208	-	2,513	832
Elevator	19,969	-	-	-	19,969	20%	11,171	1,760	-	12,931	7,038
Generator	34,206	-	-	-	34,206	10%	15,725	1,848	-	17,573	16,633
Arms and security equipment	4,213	1,103	-	-	5,316	10%	2,373	273	-	2,646	2,670
Library books	318	-	-	-	318	25%	315	1	-	316	2
Leasehold improvements	5,697	-	-	-	5,697	20%	5,697	-	-	5,697	-
<b>Rupees in '000s - 2021</b>	<b>1,411,582</b>	<b>1,866</b>	<b>(334)</b>	<b>44,060</b>	<b>1,457,174</b>		<b>168,734</b>	<b>22,806</b>	<b>(271)</b>	<b>191,269</b>	<b>1,265,905</b>

	COST / REVALUED AMOUNT				Rate	ACCUMULATED DEPRECIATION				Book Value as at 30-06-2020	
	Balance as at 01-07-2019	Additions	Deletions	Transfer from CWIP		Balance as at 30-06-2020	Balance as at 01-07-2019	For the Year	Deletions		Balance as at 30-06-2020
<u>Owned Assets</u>											
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	-
<b>Rupees in '000s - 2020</b>	<b>1,402,456</b>	<b>9,460</b>	<b>(1,033)</b>	<b>699</b>	<b>1,411,582</b>		<b>145,877</b>	<b>23,715</b>	<b>(858)</b>	<b>168,734</b>	<b>1,242,848</b>

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5.1.1 The disposal in operating fixed assets relates to those assets which were damaged / discarded during the year and were subsequently claimed by the Company under the insurance policy from the insurer i.e. IGI General Insurance Limited.

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

	2021	2020
	(Rupees in '000s)	
Free hold land	3,586	3,586
Building on free hold land	95,291	75,570
	<u>98,877</u>	<u>79,156</u>

5.1.3 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 value
Freehold land	900,711	1,059,660
Building on freehold land	80,997	95,291
	<u>981,708</u>	<u>1,154,951</u>

## 5.2 Capital work in progress

	Opening Balance	Additions	Transfer to operating fixed assets / adjustments	Closing Balance
	(Rupees in '000s)			
Civil work - building (June 30, 2021)	25,651	19,210	(44,060)	801
Civil work - building (June 30, 2020)	26,252	98	(699)	25,651

Note	2021	2020
	(Rupees in '000s)	

## 6 INVESTMENT PROPERTY

### At fair value

Carrying amount as at July 01,		378,431	383,805
Fair value loss on remeasurement		-	(5,374)
Carrying amount as at June 30,	6.1	<u>378,431</u>	<u>378,431</u>

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, 2021 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 (2020: Rs. 321.666 million) at the reporting date.

## 7 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	2021	2020
	(Rupees in '000s)	
The Pakistan Credit Rating Agency Limited (PACRA)	51,323	83,202
Central Depository Company of Pakistan Limited (CDC)	546,217	504,103
National Clearing Company of Pakistan Limited (NCCPL)	518,065	408,984
	<u>1,115,605</u>	<u>996,289</u>

7.1

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7.1 Reconciliation of changes in carrying value of investment in associates

	2021			Total
	The Pakistan Credit Rating Agency Limited (PACRA)	Central Depository Company of Pakistan Limited (CDC)	National Clearing Company of Pakistan Limited (NCCPL)	
	.....(Rupees in '000s).....			
Opening balance	83,202	504,103	408,984	996,289
Share of profit for the year	23,426	76,273	143,987	243,686
Share of other comprehensive income of associate	(303)	-	-	(303)
Actuarial loss on employees' retirement benefits	-	(431)	216	(215)
Dividend received during the year	(55,002)	(33,728)	(35,122)	(123,852)
Closing balance	<u>51,323</u>	<u>546,217</u>	<u>518,065</u>	<u>1,115,605</u>
Shareholding in %age	<u>36.00%</u>	<u>10.00%</u>	<u>23.53%</u>	
	2020			
	.....(Rupees in '000s).....			
Opening balance	73,610	458,085	351,263	882,958
Share of profit for the year - restated	14,200	62,843	59,289	136,332
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	<u>83,202</u>	<u>504,103</u>	<u>408,984</u>	<u>996,288</u>
Shareholding in %age	<u>36.00%</u>	<u>10.00%</u>	<u>23.53%</u>	

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:

	2021		2020	
	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)	25,000,000	10.00%	20,000,000	10.00%
National Clearing Company of Pakistan Limited (NCCPL)	23,730,462	23.53%	23,730,462	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.

15/1/2022

2021			
	The Pakistan Credit Rating Agency Limited (PACRA)	Central Depository Company of Pakistan Limited (CDC)	National Clearing Company of Pakistan Limited (NCCPL)
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	63,411	1,618,061	571,331
Current assets	229,550	4,748,213	29,035,215
Non - current liabilities	-	217,005	25,670
Current liabilities	143,005	687,109	27,379,159
Net assets (100%)	<u>149,956</u>	<u>5,462,160</u>	<u>2,201,717</u>
Carrying amount of interest in associate	<u>53,985</u>	<u>546,217</u>	<u>518,065</u>
Revenue	270,385	1,974,819	1,652,908
Profit	71,625	762,727	611,930
OCI	-	(4,310)	917
Total OCI	<u>71,625</u>	<u>758,417</u>	<u>612,847</u>
Company's share of total comprehensive income	<u>25,785</u>	<u>75,842</u>	<u>144,203</u>

2020			
	The Pakistan Credit Rating Agency Limited (PACRA)	Central Depository Company of Pakistan Limited (CDC)	National Clearing Company of Pakistan Limited (NCCPL)
	(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%)	<u>231,116</u>	<u>5,041,023</u>	<u>1,738,135</u>
Carrying amount of interest in associate	<u>83,202</u>	<u>504,103</u>	<u>408,984</u>
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	<u>63,908</u>	<u>643,931</u>	<u>245,308</u>
Company's share of total comprehensive income	<u>23,007</u>	<u>64,393</u>	<u>57,721</u>

7.6 During the year CDC issued 5,000,000 (2020: 5,000,000) number of ordinary shares as bonus shares.

7.7 The results of investment in associates NCCPL, PACRA and CDC have been presented based upon audited financial statements as at June 30, 2021 (2020: audited).

7.8 The cost of investment in associates is Rs. 179.813 million (2020: Rs. 179.813 million).

Note	2021	2020
	(Rupees in '000s)	
8	<b>NET INVESTMENT IN FINANCE LEASE</b>	
	4,282	3,690
	-	592
	344	343
	(345)	(343)
8.1	<u>4,281</u>	<u>4,282</u>

15.08.21

Note	2021 (Rupees in '000s)	2020
	343	343
	1,374	1,374
	26,722	27,066
	28,439	28,783
	(24,158)	(24,501)
	4,281	4,282

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% (2020: 8%) in the lease is used as a discount factor to determine the present value of minimum lease payments.

## 9 FINANCIAL ASSETS

### Non-current

Pakistan Investment Bonds (PIBs) - available for sale

-	52,300
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### Current

#### Held-to-maturity

Investment in Margin Trading System of NCCPL

9.1	462,518	370,027
-----	---------	---------

Government treasury bills

9.2	25,532	25,908
-----	--------	--------

#### Held-for-trading

Equity shares of Pakistan Mercantile Exchange Limited (PMEX)

9.3	19,086	18,932
-----	--------	--------

Equity shares of Institute of Financial Market of Pakistan

9.4	-	-
-----	---	---

Shares of unlisted company

9.5	-	-
-----	---	---

507,136	414,867
---------	---------

9.1 These carry mark-up up to KIBOR + 3.50% p.a. (2020: KIBOR + 8.50%).

9.2 This represents investment in treasury bills of six months carrying mark-up @ 7.6% p.a. (2020: 7.4% 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.

9.3 The Company holds 2,272,727 (2020: 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.

9.4 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 (2020: nil).

9.5 The Company holds 656 shares of unlisted company Reckitt Benckiser Pakistan Limited and 176 share of RB Hyginene Home Pakistan Limited, whose market value can not be determined (2020: same).

## 10 LONG TERM DEPOSITS

10.1	1,474	1,762
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10.1 These represents security deposits given to companies against provision of utilities and services amounting to Rs. 1.224 million (2020: Rs. 1.224 million), security deposits against trading floors in Sialkot amounting to Rs. nil (2020: Rs. 0.288 million) and security deposit for MTS trading amounting to Rs. 0.250 million (2020: Rs. 0.250 million).

## 11 TRADE AND OTHER RECEIVABLES - considered good

Trade receivables from ex-members

11.1	3,606	3,812
------	-------	-------

Other receivables

From related parties - secured

11.2	1,947	1,871
------	-------	-------

Accrued mark-up

11.3	2,774	2,999
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Others

11.3	1,146	13,735
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9,473	22,417
-------	--------

### 11.1 Trade receivables from ex - members

Considered good

3,606	3,546
-------	-------

Considered doubtful

16,131	15,308
--------	--------

19,737	18,854
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Less: Allowance for impairment

11.1.1	(16,131)	(15,042)
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3,606	3,812
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15.7.2021

	Note	2021	2020
		(Rupees in '000s)	
11.1.1	<b>Movement allowance for impairment during the year</b>		
	Opening balance	15,042	10,043
	Impairment loss recognised	7,732	6,759
	Reversal during the year	(6,643)	(1,760)
	Closing balance	<u>16,131</u>	<u>15,042</u>

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	2021	<u>1,635</u>	<u>530</u>	<u>343</u>	<u>6,608</u>	<u>10,621</u>	<u>19,737</u>
Trade receivables	2020	<u>2,016</u>	<u>1,839</u>	<u>699</u>	<u>3,812</u>	<u>10,488</u>	<u>18,854</u>

	Note	2021	2020
		(Rupees in '000s)	
11.2	<b>Other receivables from related parties:</b>		
	MCF Trust Fund	232	215
	IPF Trust Fund	683	630
	TCF Trust Fund	1,032	992
	National Clearing Company of Pakistan Limited	144	144
	Less: Allowance for impairment	(144)	(144)
	Central Depository Company of Pakistan Limited	122	156
	Less: Allowance for impairment	(122)	(122)
		-	34
		<u>1,947</u>	<u>1,871</u>

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. 0.445 million (2020: Rs. 0.421 million), Rs. 1.321 million (2020: Rs. 1.225 million) and Rs. 1.993 million (2020: Rs. 1.979 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	232	-	-	-	-	-	232
IPF Trust Fund	683	-	-	-	-	-	683
TCF Trust Fund	1,032	-	-	-	-	-	1,032
National Clearing Company of Pakistan Limited	-	-	-	-	-	144	144
Central Depository Company of Pakistan Limited	-	-	-	-	-	122	122
June 30, 2021	<u>1,947</u>	-	-	-	-	<u>266</u>	<u>2,213</u>

	Note	2021	2020
		(Rupees in '000s)	
11.3	<b>Others:</b>		
	-Considered good	1,146	13,735
	-Considered doubtful	1,559	2,178
		2,705	15,913
	Less: Allowance for impairment	(1,559)	(2,178)
		<u>1,146</u>	<u>13,735</u>
11.3.1	<b>Movement allowance for impairment during the year</b>		
	Opening balance	2,178	2,178
	Reversal during the year	(619)	-
	Closing balance	<u>1,559</u>	<u>2,178</u>

15/13n

11.3.2 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, 2021	1,695	32	27	203	748	2,705
Other receivables June 30, 2020	2,181	947	298	10,940	1,547	15,913

	Note	2021 (Rupees in '000s)	2020
<b>12 ADVANCES AND PREPAYMENTS</b>			
<i>Considered good</i>			
Advances to employees against expenses- secured		100	100
Advances to employees against salaries- secured		300	385
Prepaid expenses		1,411	2,460
Due from others		660	-
		<u>2,471</u>	<u>2,945</u>

<b>13 TAX REFUNDS DUE FROM GOVERNMENT - NET</b>			
Income tax	13.1	38,265	35,908
Sales tax		1,505	-
		<u>39,770</u>	<u>35,908</u>

<b>13.1 Income tax</b>			
Wealth tax paid:			
- under protest	13.2	10,063	10,063
- with returns		461	461
		<u>10,524</u>	<u>10,524</u>
Less: provision for wealth tax		3,728	3,728
		<u>6,796</u>	<u>6,796</u>
Income tax deducted at source - net		66,664	51,263
Less: Written off during the year		-	(3,019)
Less: Provision of income tax for the year		(35,195)	(19,132)
		<u>38,265</u>	<u>35,908</u>

13.2 The Income Tax Appellate Tribunal, vide its order dated June 03, 2003, for the Assessment years 1992-93 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.

<b>14 CASH AND BANK BALANCES</b>			
Cash in hand		100	100
Cash at banks on :			
- Current accounts	14.1	156	153
- Saving accounts		79,568	69,479
		<u>79,724</u>	<u>69,632</u>
		<u>79,824</u>	<u>69,732</u>

14.1 These carry mark-up @ 6.25% to 5.5% p.a. (2020: @ 6.50% to 10.25% p.a.). This amount also includes the amount of unpaid/ unclaimed dividends kept in separate PLS bank accounts.

<b>15 SHARE CAPITAL</b>			
<b>Authorized share capital</b>			
Authorized share capital comprises of 200,000,000 (2020: 200,000,000) ordinary shares of Rs. 10 each.		<u>2,000,000</u>	<u>2,000,000</u>
<b>Issued, subscribed and paid up capital</b>			
	Note	2021	2020
(Rupees in '000s)			
2021			
(Number of shares)			
<u>128,284,200</u>	15.1	<u>1,282,842</u>	<u>1,282,842</u>
<u>128,284,200</u>			
Ordinary shares of Rs. 10/- each issued for consideration other than cash			

15.1

- 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.

#### 16 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

	Note	2021	2020
<b>Gross</b>		(Rupees in '000s)	
Balance as at July 01,		790,429	783,849
Fresh surplus on revaluation of property, plant and equipment - associate		-	8,505
Transfer of revaluation surplus on property, plant and equipment to retained earnings - associate		(8,505)	-
Incremental depreciation for the year		(1,886)	(1,925)
		<u>780,038</u>	<u>790,429</u>
<b>Less: Deferred tax:</b>			
Balance as at July 01,		(4,026)	(4,252)
On fresh revaluation		-	-
Incremental depreciation for the year		215	226
Balance as at June 30,		(3,811)	(4,026)
Balance as at June 30,		<u>776,227</u>	<u>786,403</u>

- 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 BUILDING RESERVE FUND

This reserve is created with initial allocation of Rs 0.500 million (2020: nil) to meet capital expenditures on buildings of the Company in the foreseeable future. Further 2% of rental income has been allocated to this fund on annual basis till June 30, 2021.

#### 18 LONG TERM FINANCING

	Note	2021	2020
<b>From banking companies - secured</b>		(Rupees in '000s)	
Bank Al Habib Limited	18.1	7,696	-
Less: Current portion shown under current liabilities		(1,539)	-
		<u>6,157</u>	<u>-</u>

- 18.1 This long term finance facility has been obtained from Bank Al Habib Limited, out of total sanctioned limit of Rs. 9.621 million (2020: nil), to purchase & installation of 100 KW On-Grid Solar System under the State Bank of Pakistan financing scheme for Renewable Energy Category-II. It carries mark-up at the rate of 4% (2020: nil) per annum, payable quarterly. The bank has marked lien over PLS accounts for Rs. 11 million. The tenor of the facility is 5 years from the date of disbursement.

#### 19 DEFERRED TAX - net

	Note	2021	2020
		(Rupees in '000s)	
Deferred tax liability		158,314	140,431
Deferred tax asset		(30,617)	(18,671)
	19.1	<u>127,697</u>	<u>121,760</u>

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

#### 19.1 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 - rentals	Employees' benefits	Impairment of doubtful debts and receivables	Total
	.....(Rupees in '000s).....								
Balance as at July 01, 2020	16,870	(11,877)	(1,780)	(864)	122,321	1,242	(344)	(3,808)	121,760
Charge (credit) to profit or loss for the year	(166)	(10,483)	1,780	45	18,048	(1)	140	(1,399)	7,964
Charge to other comprehensive income	-	-	-	(2,027)	-	-	-	-	(2,027)
Balance as at June 30, 2021	<u>16,704</u>	<u>(22,360)</u>	<u>-</u>	<u>(2,846)</u>	<u>140,369</u>	<u>1,241</u>	<u>(204)</u>	<u>(5,207)</u>	<u>127,697</u>
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	<u>16,870</u>	<u>(11,877)</u>	<u>(1,780)</u>	<u>(864)</u>	<u>122,321</u>	<u>1,242</u>	<u>(344)</u>	<u>(3,808)</u>	<u>121,760</u>

15.782

19.2 The business tax losses and unabsorbed tax depreciation losses amounting to Rs. 43.349 million (2020: Rs. 43.349 million) and Rs. 33.754 (2020: Rs. 33.754 million) are available to the Company. The carried forward business tax losses will expire in tax year 2022.

19.3 Deferred tax is computed at 29% (2020: 29%).

20 TRADE AND OTHER PAYABLES	Note	2021	2020
		(Rupees in '000s)	
Trade creditors		11,249	9,931
Accrued liabilities		13,314	20,425
Due to members		2,158	2,158
Advance rent received from tenants		12,985	11,434
Defaulted members' membership sale proceeds	20.1	44,131	44,131
Advances received from ex - members and companies		5,650	5,123
Retention money		2,098	2,982
Punjab Workers Welfare Fund payable		8,007	-
Accrued mark-up		54	-
PRA sales tax payable		-	778
		<b>99,646</b>	<b>96,962</b>

20.1 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.

21 These deposits has not been kept in a separate bank account and has been utilized by the company in the ordinary course of its business.

## 22 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. 35 (2020: 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. 1.318 billion (2020: Rs. 1.323 billion).
- Certain employees had been reinstated on September 07, 2018, and arrears / back benefits were paid in accordance with Labour Court Order, dated August 13, 2020. However, these employees filed fresh petitions for determination and recovery back benefits from Company. Under the circumstances the Company incorporated a certain provision in the financial statements up to June 30, 2021, however, the Company and its legal advisor expects a favourable outcome of the case.

### Commitments

Commitments for capital expenditure outstanding as at the reporting date were Rs. nil (2020: Rs.7.389 million).

## 23 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.

Revenue from Margin Trading System of NCCPL	Note	2021	2020
		(Rupees in '000s)	
Revenue from Margin Trading System of NCCPL		40,308	48,770
<b>Other revenues - inclusive of PRA sales tax</b>			
<b>From contracts with customers</b>			
Room maintenance services		25,242	25,272
Fund and operational management fee	23.1	21,500	20,833
Software services		3,431	3,424
		50,173	49,529
Less: PRA sales tax		(6,652)	(6,854)
		<b>43,521</b>	<b>42,675</b>
Investment properties - rental income		46,242	45,997
<b>Total revenue</b>		<b>130,073</b>	<b>137,442</b>

15.02.21



23.1 This represents fund and operational management fee charged to Members' Contribution Fund, Investors Protection Fund and TREC Holders' Contribution Fund trusts for the year ended June 30, 2021. Fund management and operational fee is calculated at the rate of 2% (2020: 2%) on closing net assets of the fund as per audited accounts of the respective fund.

	Note	2021	2020
		(Rupees in '000s)	
<b>24 OTHER INCOME</b>			
<b>Income from financial assets</b>			
<b>At amortized cost / under effective interest method on:</b>			
Cash and cash equivalents - profit on saving bank accounts		5,243	7,966
Market Treasury Bills (T-Bills)		1,826	9,019
<b>At fair value through OCI:</b>			
Pakistan Investment Bonds (PIBs)		7,064	3,520
		<b>14,133</b>	<b>20,505</b>
<b>Designated as held for trading</b>			
Unrealized gain on equity shares of PMEX	9.3	154	-
<b>Loans and receivables</b>			
Finance income on net investment in finance lease		344	935
<b>Income from non - financial assets</b>			
Gain on disposal of property, plant and equipment		102	-
Fair value loss on remeasurement of investment properties	6	-	(5,374)
Miscellaneous	24.1	8,370	22,340
		<b>8,472</b>	<b>16,966</b>
		<b>23,103</b>	<b>38,406</b>

24.1 This includes car parking charges on which PRA sales tax charged in the sum of Rs. 0.199 million (2020: Rs. 0.448 million).

## 25 ADMINISTRATIVE AND GENERAL EXPENSES

Salaries and benefits	25.1	40,421	35,575
Information technology related expenses		1,976	1,920
Insurance		975	1,026
Travelling and conveyance		1,770	1,659
Printing and stationery		644	480
Utilities		4,527	5,238
Repair and maintenance	25.2	8,305	6,942
Security expenses		5,496	5,082
Communication and public relations		2,432	2,008
Legal and professional charges		588	827
Consultancy charges		2,111	2,268
MTS charges		4,101	3,674
Fee and subscription		939	985
Rent, rates and taxes		1,811	1,848
Marketing and advertisement		439	190
Auditors' remuneration	25.3	516	452
Tax refunds written off		-	3,019
Board meetings fee expenses		7,720	7,800
Impairment loss on trade and other receivables - net		470	4,999
CSR-Program		315	-
Others		1,256	563
Punjab Workers' Welfare Fund		8,007	-
Depreciation	5.1	<b>22,806</b>	<b>23,715</b>
		<b>117,625</b>	<b>110,270</b>

25.1 Salaries and benefits include Rs. 1.392 million (2020: Rs. 1.173 million ) in respect of contribution to provident fund - a related party.

25.2 This includes repair and maintenance relating to the Company's investment properties amounting to Rs. 3.628 (2020: Rs. 3.951) million.

### 25.3 Auditors' remuneration

#### Audit services

Annual audit fee	289	288
Half yearly review fee	90	96
Out of pocket expenses	36	36
	<b>415</b>	<b>420</b>

#### Non - audit services

Certifications for regulatory purposes	101	32
	<b>516</b>	<b>452</b>

15.132

	Note	2021	2020
		(Rupees in '000s)	
<b>26 FINANCE COST</b>			
Bank charges		96	42
<b>27 TAXATION</b>			
Current	27.1	34,819	21,673
Prior year		376	(2,541)
Deferred	19.1	7,964	22,661
		<u>43,159</u>	<u>41,793</u>

27.1 Numerical reconciliation between average effective tax rate and the applicable tax rate is not practicable due to application of normal income tax and minimum tax on services under section 153 (1) (b) of the Income Tax Ordinance, 2001.

#### 28 EARNINGS PER SHARE

##### Basic earnings per share

		2021	2020
Profit after tax attributable to ordinary shareholders	<i>(Rupees in thousand)</i>	<u>235,982</u>	<u>160,075</u>
Weighted average number of shares outstanding during the year	<i>(Number of shares in thousand)</i>	<u>128,284</u>	<u>128,284</u>
Earnings per share	<i>(Rupees)</i>	<u>1.84</u>	<u>1.25</u>

##### 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, 2021 and June 30, 2020 which would have any effect on the earnings per share.

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## 29 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets	Note	2021	2020
(Rupees in '000s)			
<b>Loans and receivables</b>			
Net investment in finance lease	8	4,281	4,282
Long term deposits	10	1,474	1,762
Trade and other receivables	11	9,473	22,417
Advances to employees against salaries	12	300	385
Cash and bank balances	14	79,824	69,732
Others		660	-
		<u>96,012</u>	<u>98,578</u>
<b>Held-to-maturity</b>			
Debt instruments	9	488,050	395,935
<b>Available for sale</b>			
Pakistan Investment Bonds (PIBs)	9	-	52,300
<b>Designated at fair value through profit or loss</b>			
Equity instruments	9	19,086	18,932
		<u>603,147</u>	<u>565,745</u>
<b>Financial liabilities</b>			
<b>At amortized cost</b>			
Long term financing	18	7,696	-
Trade and other payables	20	72,950	79,627
Accrued mark-up		54	-
Unpaid dividend		26,460	26,476
Unclaimed dividend		7,917	6,732
Deposits payable related to discontinued operations	21	16,368	16,828
		<u>131,445</u>	<u>129,663</u>

## 30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

30.1 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 investments.

The carrying amount of financial assets represents the maximum credit exposure at the reporting date and is disclosed in note 29.

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

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## Deposits

Deposits comprise of deposits with government entities, NCCPL and vendors. The Company has assessed, based on historical experience and available securities, that the impairment loss associated with these financial assets is trivial and therefore no impairment charge has been accounted for.

## Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer such as repayment behaviour, credit loss history and available securities etc. The management also considers other relevant factors that may influence the credit risk of its customer base, including the default risk associated with the customer. Majority of the Company's customers have been transacting with the Company for over five years, and only trivial customers' balances have been written off. In monitoring customer credit risk, customers are individually assessed according to their trading history and repayment behaviour with the Company.

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. Trade receivables are of short term nature and are cleared within 10 days, therefore there is no significant credit risk on trade receivables. 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, 2021, 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 the reporting date was as follows.

	Note	2021 (Rupees in '000s)	2020 (Rupees in '000s)
Pakistan Investment Bonds (PIBs) - available for sale	9	-	52,300
<b>Held to maturity</b>			
Investment in MTS of NCCPL	9	462,518	370,027
Market Treasury Bills (T-bills)	9	25,532	25,908
		<u>488,050</u>	<u>448,235</u>

## 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	Short term	Rating		Rating Agency	2021		2020	
		Short term	Long term		(Rupees in '000s)		(Rupees in '000s)	
Allied Bank Limited	A-1+	AAA	PACRA	6		5		
Bank Alfalah Limited	A-1+	AA+	PACRA	6,552		5,186		
Bank Al-Habib Limited	A-1+	AAA	PACRA	44,793		12,394		
Habib Bank Limited	A-1+	AAA	JCR-VIS	26,800		44,098		
MCB Limited	A-1+	AAA	PACRA	1,514		7,895		
National Bank of Pakistan	A-1+	AAA	PACRA	52		49		
Summit Bank Limited	A-3	BBB-	JCR-VIS	8		5		
				<u>79,724</u>		<u>69,632</u>		

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

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, 2021**

Financial assets	Note	Effective yield / profit rates (%)	Mark-up bearing		Non Mark-up bearing
			Fixed rate	Variable rate	
Investments					
Marginal Trading System (MTS)	9.1	10.00%	-	462,518	-
Treasury Bills (T-bills)	9.2	7.60%	25,532	-	-
Equity shares of Pakistan Mercantile Exchange Limited (PM)	9.3		-	-	19,086
Trade and other receivables	11		-	-	9,473
Advances to employees against salaries	12		-	-	300
Long term deposits	10		-	-	1,474
Net investment in finance lease	8	8%	4,281	-	-
Cash and bank balances	14	6.25% to 5.5%	79,568	-	256
Others			-	-	660
<b>Financial liabilities</b>					
Long term financing	18	4%	7,696	-	-
Trade and other payables	20		-	-	72,950
Deposits payable related to discontinued operations	21		-	-	16,368
Accrued mark-up			-	-	54
Unpaid dividend			-	-	26,460
Unclaimed dividend			-	-	7,917

**As at June 30, 2020**

Financial assets	Note	Effective mark-up rates (%)	Mark-up bearing		Non Mark-up bearing
			Fixed rate	Variable rate	
Investments	9				
Marginal Trading System (MTS)		13.50%	-	370,027	-
Treasury Bills (T-bills)		12.65%	25,908	-	-
Equity shares of Pakistan Mercantile Exchange Limited (PMEX)			-	-	18,932
Pakistan Investment Bonds (PIBs)		9%	52,300	-	-
Trade and other receivables	11		-	-	22,417
Advances to employees against salaries	12		-	-	385
Net investment in finance lease	8	8%	4,282	-	-
Long term deposits	10		-	-	1,762
Cash and bank balances	14	5.5% to 10.25%	69,479	-	253
<b>Financial liabilities</b>					
Trade and other payables	20		-	-	79,627
Deposits payable related to discontinued operations	21		-	-	16,828
Unpaid dividend			-	-	26,476
Unclaimed dividend			-	-	6,732

**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.

	2021	2020
	(Rupees in '000s)	
100 basis points increase	4,625	3,700
100 basis points decrease	(4,625)	(3,700)

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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

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Other price risk arises from the company's investment in ordinary shares of unlisted companies. To manage its price risk arising from aforesaid investments, the Company diversifies its portfolio and continuously monitors developments in equity markets. In addition the Company actively monitors the key factors that affect stock price movement.

### 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:

	Debt securities		Equity securities	
	2021	2020	2021	2020
	(Rupees in '000s)		(Rupees in '000s)	
10% increase	-	5,230	1,909	1,893
10% decrease	-	(5,230)	(1,909)	(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 29 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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		As on June 30, 2021			
Financial assets	Note	Carrying amount Rupees '000'	Recurring fair value		
			Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss (equity securities)	9.3	19,086	-	-	19,086
<b>Non financial assets</b>					
Operating fixed assets (freehold land and building)	5.1	1,169,023	-	1,169,023	-
Investment property	6	378,431	-	378,431	-

		As on June 30, 2020			
Financial assets	Note	Carrying amount Rupees '000'	Recurring fair value		
			Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss (equity securities)	9.3	18,932	-	-	18,932
Financial assets at fair value through OCI (debt securities)	9	52,300	-	52,300	-
<b>Non financial assets</b>					
Operating fixed assets (freehold land and building)	5.1	1,150,042	-	1,150,042	-
Investment property	6	378,431	-	378,431	-

#### 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
<b>Equity instruments - shares</b>		
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).

Reconciliation of Level 3 fair value	2021	2020
	(Rupees in '000s)	
Balance as on July 01,	18,932	18,932
Net change in fair value - unrealized	154	-
Balance as on June 30,	<u>19,086</u>	<u>18,932</u>

#### 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.

13.08.21



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:

	Note	2021 (Rupees in '000s)	2020
Long and short term financing	18	7,696	-
Issued, subscribed and paid up capital	15	1,282,842	1,282,842
Capital reserves		776,227	791,367
Building reserve fund		1,425	-
Retained earnings		1,060,658	906,243
<b>Total capital</b>		<b>3,121,152</b>	<b>2,980,452</b>
<b>Capital employed</b>		<b>3,128,848</b>	<b>2,980,452</b>
<b>Gearing ratio</b>		<b>0.25%</b>	<b>0%</b>

#### 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

13-03-20

Note	2021	2020
	(Rupees in '000s)	
<b>31 MOVEMENT IN WORKING CAPITAL</b>		
(Increase) / decrease in current assets:		
- Inventory	13	(854)
- Trade and other receivables	12,247	(12,063)
- Advances and prepayments	474	(602)
	12,734	(13,519)
Increase / (decrease) in current liabilities:		
- Trade and other payables	1,759	(4,084)
- Deposits payable related to discontinued operations	(460)	-
- Advance rent received from tenants	47,793	47,229
- Retention money	(884)	199
	48,208	43,344
	60,942	29,825

### 32 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company are as follows:

Names of Related Parties	Relationship	Basis of relationship / (percentage shareholding or common directorship)
National Clearing Company of Pakistan Limited	Associate (common directorship)	23.53
Central Depository Company of Pakistan Limited	Associate (common directorship)	10.00
Pakistan Credit Rating Agency Limited	Associate (common directorship)	36.00
ABM Securities (Pvt.) Limited	Associate (common directorship)	0.00657817
Al-Haq Securities (Pvt.) Limited	Associate (common directorship)	0.00657817
Network Securities Limited	Associate (common directorship)	0.00657817
S.D. Mirza Securities (Pvt.) Limited	Associate (common directorship)	0.00657817
Mr. Ammar-UI-Haq	Director	0.00000078
Mr. Jahanzeb Mirza	Director	0.00000001
Mr. Omer Khalil Malik	Director	0.00000078
Mr. Asif Baig Mirza	Director	0.00000078
Mr. Rashid Rehman Mir	Director	0.00000001
Mr. Khalid Waheed	Director	0.00000780
Ms. Javeria Malik	Director	-
Mr. Mian Muhammad Tariq Hassan	Director	-
Mr. Nafees Ahmad	Chief executive / Key management	-
Lahore Stock Exchange Limited - Employees' Provident Fund Trust	Post employment benefit	
MCF Trust Fund	Associate	
IPF Trust Fund	Associate	
TCF Trust Fund	Associate	

Related parties include associated entities, directors and their close family members and other key management personnel. Balances with related parties are disclosed in respective notes. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

15.03.20

Names of Related Parties	Transactions during the year	2021	2020
		(Rupees in '000s)	
<b>Transactions with associates</b>			
National Clearing Company of Pakistan Limited	Dividend received	35,122	-
	Annual fee paid	250	250
	Provision of facilities - billing	1,997	3,249
	Reimbursement of facilities - receipts	2,001	3,710
	Trading charges paid	3,851	3,431
Central Depository Company of Pakistan Limited	Dividend received	33,728	18,375
	Provision of facilities - billing	3,715	8,175
	Reimbursement of facilities - receipts	3,991	8,482
Pakistan Credit Rating Agency Limited	Dividend received	55,002	13,415
<b>Transactions with key management personnel</b>			
Chief executive	Remuneration	4,055	4,335
	Contribution to provident fund	258	279
<b>Transactions with others</b>			
Lahore Stock Exchange Limited - Employees' Provident Fund Trust	Contribution for the year	1,392	1,173
MCF Trust Fund	Fund and operational management fee receive	2,162	2,096
IPF Trust Fund	Fund and operational management fee receive	6,365	6,158
TCF Trust Fund	Fund and operational management fee receive	10,022	9,705
Directors	Utilities	1,245	1,186
Directors	Dividend paid	2,363	2,700
Directors	Travelling reimbursement - paid	-	100
Directors	Meeting fees	7,720	7,800

### 33 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:

	2021	2020
	(Rupees in '000s)	
Managerial remuneration	2,580	2,790
Company's contribution to the provident fund trust	258	279
Housing and utilities	1,290	1,395
Others	185	150
	<u>4,313</u>	<u>4,614</u>
Number	<u>1</u>	<u>1</u>

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

### 34 STAFF STRENGTH

	2021	2020
Total employees of the Company at the year end	<u>44</u>	<u>44</u>
Average number of employees of the Company during the year	<u>45</u>	<u>44</u>

### 35 PROVIDENT FUND TRUST - related party

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.

15/03/21

36 EVENT AFTER THE END OF REPORTING DATE

On 06-oct-2021 the Board of Directors of the Company voted to declare a dividend of Rs. 0.90 per share (2020: Rs. 0.70 per share). Because the obligation arose in 2022, a liability is not shown in the statement of financial position at June 30, 2021.

37 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 directives 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.

38 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-oct-2021

39 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary to achieve better presentation. During the year, following reclassifications have been made.

Description	Reclassified from	Reclassified to	2020		2019	
			(Rupees '000)			
Accrued liabilities	Trade creditors	Accrued liabilities - separate line item	5,946		10,948	
Deposits payable related to discontinued operations	Note of trade and other payables	Presented on the face of statement of financial position	16,368		17,800	

Lahore

  
Chief Executive Officer

  
Chief Financial Officer

  
Director