

**Azee Securities (Private) Limited**  
**Financial Statements**  
**For the year ended June 30, 2020**

## DIRECTORS' REPORT

On behalf of the Board of Directors of the Company, I am pleased to present our report together with the audited financial statement of the Company for the year June 30, 2020.

### Performance Overview

The following depicts the Company's performance in the current year.

	<b>Rupees</b>
Operating revenue	84,184,703
Operating expenses	(94,648,669)
Operating loss	(10,463,966)
Other charges	-
Other income	9,477,705
<b>Loss before taxation</b>	<b>(986,261)</b>
Taxation	(1,367,196)
<b>Loss after taxation</b>	<b>(2,353,458)</b>

### Loss per share

Loss per share for the year ended 30th June 2020 was Rs. (0.25)

### Capital Market Review & Outlook

Pakistan's equities market performance remained extremely volatile during the year under review influenced by various domestic and exogenous factors. The year started with the KSE 100 Index nose diving to 28,765 level due to hike in interest rates and other macroeconomic challenges as the country came under the IMF EFF program with stiff fiscal targets. With expectations of interest rates having peaked-out and attractive valuations, the market regained momentum by January 2020, the KSE100 Index made a peak at 43,219. With the global pandemic spread and confirmation of first few cases of COVID-19 in Pakistan, the benchmark KSE100 Index nose-dived again but this time to a lower low of 27,229 level. Aggressive measures by the Government of Pakistan and the State Bank of Pakistan to counter negative economic impacts of the pandemic and the subsequent lockdown including reduction in interest rates and the construction package regained momentum and the KSE100 Index closed the year at 34,422. Average volumes during the year improved by 26% whereas average daily value traded also improved by 13% as a result of increased liquidity and relative attractiveness of the domestic equities market of Pakistan.

Moreover, lower inflation and interest rates are likely to keep the equities market in limelight with improved earnings growth outlook.

### Dividend:

The Directors do not recommended any dividend during the year due to cash flow requirement during next financial year.

### External Auditors

The retiring auditors, M/s. Nasir Javaid Maqsood Imran., Chartered Accountants, being eligible, have offered themselves for reappointment

Dated:

06 OCT 2020



Director



Chief Executive





**NASIR JAVAID MAQSOOD IMRAN**  
Chartered Accountants

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## INDEPENDENT AUDITOR'S REPORT

To the members of Azee Securities (Private) Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of **Azee Securities (Private) Limited (the Company)**, which comprise the statement of financial position as at **June 30, 2020** and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **June 30, 2020** and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

*njmi*

Offices also at:

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Tel: +92(0)42-35754821-22 Email: nasirgulzar@njmi.net

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### Report on Other Legal and Regulatory Requirements

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

- a) proper books of accounts have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Javaid Qasim.

Dated: **06 OCT 2020**  
Karachi

  
  
**NASIR JAVAID MAQSOOD IMRAN**  
Chartered Accountants



**AZEE SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

**ASSETS**

**NON-CURRENT ASSETS**

Property & equipment  
 Intangible assets  
 Long term investment *at fair value through other comprehensive income*  
 Long term advances & deposits

**CURRENT ASSETS**

Trade receivables  
 Advances, deposits, pre-payments & other receivables  
 Short term investment  
 Cash & bank balances

**TOTAL ASSETS**

**EQUITY AND LIABILITIES**

**CAPITAL AND RESERVES**

**Authorized Capital**

15,000,000 (2019: 15,000,000) ordinary shares of Rs. 10/- each

Issued, subscribed and paid-up capital  
 Reserves

**LIABILITIES**

**NON-CURRENT LIABILITIES**

Long term loan

**CURRENT LIABILITIES**

Short term borrowings - secured  
 Trade payables  
 Accrued expenses & other liabilities

**CONTINGENCIES AND COMMITMENTS**

**TOTAL EQUITY AND LIABILITIES**

Note	Rupees 2020	Rupees 2019
4	6,447,519	6,717,609
5	3,515,000	3,515,000
6	-	14,055,522
7	12,403,000	2,453,000
	22,365,519	26,741,131
8	147,784,808	199,237,321
9	34,985,566	41,324,778
10	44,962,554	72,083,307
11	15,645,695	12,674,673
	243,378,622	325,320,080
	<u>265,744,141</u>	<u>352,061,211</u>
	<u>150,000,000</u>	<u>150,000,000</u>
12	95,000,000 (13,387,246)	95,000,000 (7,682,087)
	81,612,754	87,317,913
13	11,130,750	11,130,750
14	142,152,315	224,783,914
15	15,025,411	15,300,486
16	15,822,910	13,528,148
	173,000,637	253,612,548
17	-	-
	<u>265,744,141</u>	<u>352,061,211</u>

*The annexed notes from 1 to 35 form an integral part of these financial statements.*

  
 Chief Executive

  
 Director

**AZEE SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	Rupees 2020	Rupees 2019
<b>REVENUE</b>			
Operating revenue	18	55,698,034	37,682,507
Capital gain on sale of securities		17,416,499	12,104,683
Unrealised gain / (loss) on remeasurement of investment at fair value - through profit or loss		11,070,170	(20,364,141)
		<u>84,184,703</u>	<u>29,423,049</u>
Administrative expenses	19	(65,610,903)	(58,545,616)
Finance cost	20	(29,037,765)	(31,104,580)
		(94,648,669)	(89,650,195)
		<u>(10,463,966)</u>	<u>(60,227,146)</u>
Operating loss			
Other income	21	9,477,705	4,090,566
		(986,261)	(56,136,580)
Loss before taxation			
Taxation	22	(1,367,196)	(3,294,804)
		<u>(2,353,458)</u>	<u>(59,431,385)</u>
Loss after taxation			
Loss per share - basic	23	<u>(0.25)</u>	<u>(6.26)</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
**Chief Executive**

  
**Director**

AZEE SECURITIES (PRIVATE) LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2020

Note	Rupees 2020	Rupees 2019
Loss after taxation	(2,353,458)	(59,431,385)
<b><u>Other comprehensive loss for the year</u></b>		
<b>Items that will not be reclassified to statement of profit or loss subsequently</b>		
Unrealised loss on remeasurement of investment - At fair value - through other comprehensive income	(3,351,701)	(7,298,060)
<b>Total comprehensive loss for the year</b>	<b>(5,705,159)</b>	<b>(66,729,445)</b>

*The annexed notes from 1 to 35 form an integral part of these financial statements.*

  
Chief Executive

  
Director



**AZEE SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Note	Rupees 2020	Rupees 2019
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**CASH FLOWS FROM OPERATING ACTIVITIES**

Loss before taxation	(986,261)	(56,136,580)
<b>Add / (less) : Items not involved in movement of fund:</b>		
Depreciation	1,434,809	1,393,661
Unrealised (gain) / loss on remeasurement of investment at fair value - through profit or loss	(11,070,170)	20,364,141
Capital gain on sale of securities	(17,416,499)	(12,104,683)
Finance cost	29,037,765	31,104,580
	1,985,906	40,757,699
Cash generated from / (used in) operating activities before working capital changes	<u>999,645</u>	<u>(15,378,881)</u>
<b>Net change in working capital</b>	(a) 128,665,203	99,879,297
	<u>129,664,848</u>	<u>84,500,416</u>
Finance costs paid	(32,502,184)	(29,900,495)
Taxes paid	(445,325)	(2,751,547)
<b>Net cash generated from operating activities</b>	<u>96,717,339</u>	<u>51,848,374</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Long term advances & deposits	(9,950,000)	-
Acquisition of property and equipment	(1,164,720)	(125,680)
<b>Net cash used in investing activities</b>	<u>(11,114,720)</u>	<u>(125,680)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Long term loan paid	-	2,320,000
<b>Net cash generated from financing activities</b>	-	<u>2,320,000</u>
<b>Net increase in cash and cash equivalents</b>	<u>85,602,619</u>	<u>54,042,694</u>
Cash and cash equivalent at beginning of the year	(212,109,240)	(266,151,934)
<b>Cash and cash equivalent at end of the year</b>	<u>24 (126,506,621)</u>	<u>(212,109,240)</u>

**(a) Statement of change in working capital**

<b>Increase) / decrease in current assets</b>		
Trade receivables	51,452,514	58,206,881
Advances, deposits, pre-payments & other receivables	5,417,341	9,301,151
Short term investment	66,311,243	54,439,718
	<u>123,181,098</u>	<u>121,947,750</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade payables	(275,074)	(12,652,970)
Accrued expenses & other liabilities	5,759,180	(9,415,483)
	<u>5,484,106</u>	<u>(22,068,453)</u>
<b>Net change in working capital</b>	<u>128,665,203</u>	<u>99,879,297</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive

Director

AZEE SECURITIES (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2020

	Reserves				
	Issued, subscribed & paid up capital	Unappropriated profit / (loss)	Unrealised gain on remeasurement of investment at fair value-through other comprehensive income	Sub Total	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Balance as at June 30, 2018	95,000,000	48,505,717	10,541,641	59,047,358	154,047,358
Loss for the year	-	(59,431,385)	-	(59,431,385)	(59,431,385)
Loss on remeasurement of investment at fair value - through other comprehensive income	-	-	(7,298,060)	(7,298,060)	(7,298,060)
Balance as at June 30, 2019	95,000,000	(10,925,668)	3,243,581	(7,682,087)	87,317,913
Loss for the year	-	(2,353,458)	-	(2,353,458)	(2,353,458)
Loss on remeasurement of investment at fair value - through other comprehensive income	-	-	(3,351,701)	(3,351,701)	(3,351,701)
Balance as at June 30, 2020	95,000,000	(13,279,126)	(108,120)	(13,387,246)	81,612,754

Notes from 1 to 35 form an integral part of these financial statements.



Chief Executive



Director



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**1 CORPORATE AND GENERAL INFORMATION**

**1.1 Legal status and operations**

Azee Securities (Private) Limited is a private limited company incorporated under the Companies Ordinance, 1984 on November 10, 2003. The registered office is situated at Room # 208, 2nd Floor, business stock exchange road, Karachi. The principal activity of the company is to carry on the business of stock, brokerage, underwriting and investment etc. The Company is a Corporate Member of the Pakistan Stock Exchange Limited.

- Pakistan Stock Exchange Ltd Room# 33, Ground Floor, Karachi Stock Exchange, Stock Exchange Road
- Room 404, 4th floor, Trade Center, Block 13/A, Karachi
- Room # 1, Mezzanine Floor, Hamilton Court, Teen Talwar Clifton, Karachi.
- D-14 , Block H, North Nazimabad, Karachi.
- Office # 226, 2nd Floor, Siddique Trade Center, Main Boulevard, Lahore.
- S-29, Cantt, First Floor, Malir Cantt, Karachi
- Hall # 2, 1st Floor, Bilal Plaza, Haider Road, Saddar, Rawalpindi.

**1.2 Impact of COVID-19 pandemic**

A novel strain of corona virus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown and disruptions to various business. The lockdown however excluded companies involved in the business of supplying necessary consumer goods and rendering essential services. 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.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

**2.2 Basis of measurement**

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

**2.3 Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

**2.4 Use of estimates and judgments**

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

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

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



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

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

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2019 other than those disclosed in note 3.1, are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01, 2020.

- i) Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- ii) Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- iii) On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- iv) Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

- v) Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
  - there is no substantive change to the other terms and conditions of the lease.
- vi) Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- vii) Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- viii) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**Annual Improvements to IFRS standards 2018-2020:**

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- i) IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- ii) IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- iii) IAS 41 – 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.

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

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 IFRS 16 'Leases'**

IFRS 16 has been notified by the Securities and Exchange Commission of Pakistan (SECP) to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the previous guidance in IAS 17 'Leases', IFRIC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC Interpretation 15 Operating Leases—Incentives and SIC Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single on-balance sheet lease accounting model for lessees whereby, at the date of commencement of lease, a lessee is required to recognize a right-of-use asset and a lease liability (except in case short term leases and leases of low value assets). The right-of-use asset represents the lessee's right to use an underlying asset during the lease term and the corresponding lease liability represents the lessee's obligation to make payments to the lessor for providing the right to use that asset. In the IASB's view, this new lessee accounting model reflects the economics of a lease because, at the commencement date, a lessee obtains the right to use an underlying asset for a period of time, and the lessor had delivered that right by making the asset available for use by the lessee.

The aforesaid new accounting model materially differs from the previous lease accounting requirements for lessees whereby a lessee was required to classify its leases either as finance leases or operating leases based on whether the risks and rewards incidental to ownership were substantially transferred to the lessee. Under the previous standard, at the commencement of the lease term, the lessee recognized finance leases as assets and liabilities in its statement of financial position. However, the lessee recognized the payments made under operating leases as an expense on a straight line basis over the lease term unless another systematic basis was more representative of the time pattern of the user's benefit.

The Company does not have any lease arrangement therefore, adoption of IFRS 16 at July 01, 2019 does not have an effect on the financial statements of the Company.



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**3.2 Property and equipment**

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

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

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

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

Depreciation is charged to profit and loss account applying the reducing balance method. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month in which the assets become available for use, while no depreciation is charged in the month of disposal.

**3.3 Intangible assets**

Intangible assets having definite useful life are stated at cost less accumulated amortization and impairment losses, if any however, Intangible assets having indefinite life are stated at cost less impairment losses, if any.

Subsequent cost is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to the statement of profit or loss using reducing balance method over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged in the month in which the asset is disposed off.

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist than the assets recoverable amount is estimated. The recoverable amount is the greater of its value and fair value less cost to sell.

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**3.3.1 Trading Right Entitlement Certificate**

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

**3.3.2 Pakistan Mercantile Exchange - Membership card**

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

**3.3.3 Computer software**

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

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

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

**3.4 Investment property**

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

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

**3.5 Financial Instruments**

**3.5.1 Initial Measurement of financial assets**

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

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

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



**AZEE SECURITIES (PRIVATE) LIMITED**  
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**Subsequent Measurement**

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

**3.5.2 Financial liabilities**

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

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

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

**3.6 Impairment**

**3.6.1 Financial assets**

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

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



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

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

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

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

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

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

### **3.6.2 Impairment of non-financial assets**

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

## **3.7 Derecognition**

### **3.7.1 Financial assets**

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

**AZEE SECURITIES (PRIVATE) LIMITED**  
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**3.7.2 Financial liabilities**

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

**3.8 Investments**

Investment in shares of listed companies are classified as "At Fair Value - Through Profit or Loss" and is initially measured at cost and subsequently is measured at fair value determined using the market value at each reporting date. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Net gains and losses are recognized in statement profit or loss.

**3.9 Settlement date accounting**

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

**3.10 Off-setting of financial assets and financial liabilities**

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

**3.11 Trade debts and other receivables**

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

**3.12 Fiduciary assets**

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

**3.13 Cash and cash equivalents**

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

**3.14 Share capital**

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

**3.15 Proposed dividend and transfer between reserves**

Dividends declared and transfers between reserves, except appropriations which are required by law, made subsequent to the reporting date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends and transfers are approved.



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**NOTES TO THE ACCOUNTS**

**3.16 Trade and other payables**

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

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

**3.17 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity or in statement of comprehensive income, in which case it is recognised in equity or in statement of comprehensive income respectively.

**i) Current**

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

**ii) Deferred**

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

**3.18 Provisions**

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

**3.19 Foreign currency transactions and translation**

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



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**3.20 Revenue recognition**

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

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

**3.21 Operating and administrative expenses**

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

**3.22 Mark-up bearing borrowings and borrowing costs**

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalised as part of cost of that asset.

**3.23 Earnings per share**

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

AZEE SECURITIES (PRIVATE) LIMITED  
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4 PROPERTY AND EQUIPMENT

	Offices (Rupees)	Furniture & fixtures (Rupees)	Office equipments (Rupees)	Computers (Rupees)	Total (Rupees)
<u>Net carrying value basis</u>					
<b>Year ended June 30, 2020</b>					
Opening net book value (NBV)	1,338,720	347,529	3,858,421	1,172,938	6,717,608
Additions (at cost)	-	-	208,350	956,370	1,164,720
Disposals (at NBV)	-	-	-	-	-
Depreciation charge	(133,872)	(52,129)	(610,016)	(638,792)	(1,434,809)
Closing net book value (NBV)	<b>1,204,848</b>	<b>295,400</b>	<b>3,456,755</b>	<b>1,490,516</b>	<b>6,447,519</b>
<u>Gross carrying value basis</u>					
<b>As at June 30, 2020</b>					
Cost	4,667,000	763,695	8,026,395	18,855,063	32,312,153
Accumulated depreciation	(3,462,152)	(468,295)	(4,569,640)	(17,364,547)	(25,864,634)
<b>Net book value (NBV)</b>	<b>1,204,848</b>	<b>295,400</b>	<b>3,456,755</b>	<b>1,490,516</b>	<b>6,447,519</b>
<u>Net carrying value basis</u>					
<b>Year ended June 30, 2019</b>					
Opening net book value (NBV)	1,487,467	408,858	4,413,639	1,675,626	7,985,590
Additions (at cost)	-	-	125,680	-	125,680
Disposals (at NBV)	-	-	-	-	-
Depreciation charge	(148,747)	(61,329)	(680,898)	(502,688)	(1,393,661)
Closing net book value (NBV)	<b>1,338,720</b>	<b>347,529</b>	<b>3,858,421</b>	<b>1,172,938</b>	<b>6,717,609</b>
<u>Gross carrying value basis</u>					
<b>As at June 30, 2019</b>					
Cost	4,667,000	763,695	7,818,045	17,898,693	31,147,433
Accumulated depreciation	(3,328,280)	(416,166)	(3,959,624)	(16,725,755)	(24,429,824)
<b>Net book value (NBV)</b>	<b>1,338,720</b>	<b>347,529</b>	<b>3,858,421</b>	<b>1,172,938</b>	<b>6,717,609</b>
Annual rates of depreciation (%)	10	15	15	15	30



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

Notes	Rupees 2020	Rupees 2019
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**5 INTANGIBLE ASSETS**

Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited	5.1	2,500,000	2,500,000
Membership card - Pakistan Mercantile Exchange Limited		1,015,000	1,015,000
		<b>3,515,000</b>	<b>3,515,000</b>

5.1 This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. TREC has been recognized at cost less accumulated impairment losses.

**6 LONG TERM INVESTMENT**

*At fair value through other comprehensive income*

**Quoted**

Investment in shares of Pakistan Stock Exchange Limited	6.1	14,055,522	21,353,582
Shares transferred to short term investment	6.2	(14,055,522)	-
		-	21,353,582
Loss on remeasurement of investment at fair value - through other comprehensive income		-	(7,298,060)
<b>Market value</b>			<b>14,055,522</b>

6.1 This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Company in pursuance of the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

6.2 On August 2019, 1,081,194 ordinary shares of Pakistan Stock Exchange Limited (PSX) previously marked as frozen by the Central Depository Company of Pakistan Limited (CDC) were un-frozen and re-classified as 'available' in its Account Balance Report. Since, as of June 30, 2020, the Company intended to dispose of the investment in due course of time, it was re-classified as a short term investment.

**7 LONG TERM ADVANCES & DEPOSITS**

Pakistan Stock Exchange Limited	100,000	100,000
Pakistan Mercantile Exchange Limited	813,000	813,000
National Clearing Company of Pakistan Limited	1,300,000	1,300,000
Advance against office	240,000	240,000
Deposit against base minimum capital	9,950,000	-
	<b>12,403,000</b>	<b>2,453,000</b>

**8 TRADE RECEIVABLES**

Considered good	165,238,241	207,607,644	
Doubtful	-	-	
	<b>165,238,241</b>	<b>207,607,644</b>	
Allowance for expected credit loss	8.1	(18,159,776)	(9,749,905)
		<b>147,078,465</b>	<b>197,857,739</b>
From clearing house		706,343	1,379,583
		<b>147,784,808</b>	<b>199,237,321</b>

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

Notes	Rupees 2020	Rupees 2019
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**8.1 Allowance for expected credit loss**

Opening balance		9,749,905
Allowance for expected credit loss		-
Closing balance	8.1.1	8,409,871
		9,749,905
		<u>18,159,776</u>
		<u>9,749,905</u>

8.1.1 The Company assessed on a forward looking basis, the expected credit losses associated with trade receivables and measured loss allowance for trade receivables at an amount equal to life time expected credit losses.

**8.1.2 Aging analysis**

Upto 90 days		125,322,749	148,775,147
More than 90 but upto 180 days		10,069,610	17,449,002
More than 180 but upto 360 days		11,686,106	31,633,590
More than 360 days		18,159,776	9,749,905
		<u>165,238,241</u>	<u>207,607,644</u>

8.2 Total value of securities pertaining to clients held in the Central Depository Company		837,093,261	653,877,996
8.3 Value of pledge securities of clients with National Clearing Company of Pakistan Limited		2,644,293	29,278,180
8.4 Value of pledge securities of clients with Financial institutions		117,565,214	174,378,779
8.5 <i>The securities are valued using market rate at the year end</i>			

**9 ADVANCES, DEPOSITS, PRE-PAYMENTS & OTHER RECEIVABLES**

Advances to staff		315,711	121,232
Exposure deposit		229,610	8,774,502
Pakistan Mercantile Exchange Limited	9.1	35,910	35,910
Advance payment of tax		31,471,263	32,393,134
Other receivables		2,933,072	-
		<u>34,985,566</u>	<u>41,324,778</u>

9.1 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin in respect of trade in future and ready market.

**10 SHORT TERM INVESTMENT**

*Investments at fair values through profit & loss*

Listed equity securities		23,188,563	92,447,448
Unrealised gain / (loss) on remeasurement of investment at fair value		11,070,170	(20,364,141)

Market value		34,258,733	72,083,307
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*Investments at fair values through other comprehensive income*

Shares of Pakistan Stock Exchange Limited		14,055,522	-
Unrealised loss on remeasurement of investment		(3,351,701)	-
Market value	10.2	10,703,821	-



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

*Investments at fair values through profit & loss*

30 June 2020	June 30, 2019	Symbol	Name of Investee	30 June 2020	June 30, 2019
<i>Number of shares</i>				<i>Market value in rupees</i>	
359	550	ASC	AL SHAHEER CORPORATION	4,107	6,930
500	500	AATM	ALI ASGAR TEXTILE MILLS	-	-
215	715	ABL	ALLIED BANK LIMITED	16,465	75,089
5	5	ABOT	ABOTT LAB PAKISTAN LIMITED	3,315	2,373
12	12	ACPL	ATTOCK CEMENT PAKISTAN LIMITED	1,496	857
12,000	-	AGL	AGRITECH LIMITED	56,160	-
456	456	AHCL	ARIF HABIB CORPORATION LIMITED	13,680	11,268
318	26,318	AHL	ARIF HABIB LIMITED	10,345	832,438
119	2,119	AICL	ADAMJEE INSURANCE CO LIMITED	3,940	74,271
100	1,100	AKBL	ASKARI BANK LIMITED	1,371	20,801
500	500	AKDITFO	AKDITFO	-	-
578	578	AKZO	AKZONOBEL PAKISTAN LIMITED	156,060	57,829
2,500	2,500	ALAC	ASKARI LIFE INSURANCE CO LIMITED	20,000	21,225
300,500	300,500	AMTEX	AMTEX LIMITED	-	186,310
100	100	ANL	AZGARD NINE LIMITED	1,587	962
7,408	5,308	APL	ATTOCK PETROLEUM LIMITED	2,260,922	1,531,411
5	5	ARPL	ARCHROMA PAKISTAN LIMITED	2,947	2,376
191	-	ASC	AL SHAHEER CORPORATION LTD	2,185	-
500	500	ASL	AISHA STEEL MILLS LIMITED	4,605	4,600
1,415	1,415	ASLPS	AISHA STEEL (PREFERENCE)	28,979	21,225
46,000	54,000	ASTL	AMRELI STEELS LIMITED	1,501,440	1,331,640
7	7	ATBA	ATLAS BATTERY LIMITED	1,176	672
121	110	ATIL	ATLAS INSURANCE LIMITED	6,290	5,016
43,875	32,475	ATRL	ATTOCK REFINERY LIMITED	3,918,915	2,509,343
110	2,710	BAFL	BANK ALFALAH LIMITED	3,693	118,129
467	1,967	BAHL	BANK AL-HABIB LIMITED	24,424	154,173
489,000	489,000	BEEM	BEEMA PAKISTAN	-	-
22,500	22,500	BIIC	BUISNESS AND INDUSTRIES INSURANCE	-	-
500	500	BIPL	BIPL SECURITIES LIMITED	3,780	5,745
500	500	BNWM	BANNU WOOLLEN LIMITED	16,350	17,000
4,056	4,056	BOK	BANK OF KHYBER	57,555	39,992
14,127	14,127	BOP	BANK OF PUNJAB	118,667	129,262
19	4,519	BWCL	BEST WAY CEMENT LIMITED	2,066	465,773
200	200	BYCO	BYCO PETROLEUM PAKISTAN LIMITED	1,204	1,282
4,200	4,200	CFL	CRESENT FIBRES LIMITED	156,618	159,390
11	2,010	CHCC	CHERAT CEMENT CO LIMITED	959	62,230
55	55	CPAL	CAPITAL ASSET LEASING CORPORATION	275	529
4,950	-	CPPL	CHERAT PACKAGING LTD	579,893	-
5,000	-	CRTM	CRESCENT TEXTILE MILLS LTD	104,100	-
19,000	19,000	CSAP	CRESENT STEEL & ALLIED PRODUCTS	864,500	717,820
100	100	DAWH	DAWOOD HERCULES CORPORATION	12,792	11,124
250	250	DBCI	DADABHOY CEMENT	-	-
30,000	272,000	DCL	DEWAN CEMENT LIMITED	233,400	2,124,320
100	100	DCR	DOLMEN CITY REIT	1,089	1,017
654	654	DFML	DEWAN FAROOQUE MOTORS LIMITED	3,401	4,441
1,000	3,000	DGKC	D.G. KHAN CEMENT CO	85,330	169,620
338	188	DINT	DIN TEXTILE MILLS LIMITED	14,189	15,275
1,000	-	DOL	DESCON OXYCHEM LTD	29,850	-
116,800	116,800	DSFL	DEWAN SALMAN FIBRE LIMITED	-	-
781	50,460	DSL	DOST STEEL LIMITED	2,382	173,582
<b>1,133,502</b>	<b>1,438,669</b>			<b>10,332,502</b>	<b>11,067,340</b>



**AZEE SECURITIES (PRIVATE) LIMITED  
NOTES TO THE ACCOUNTS**

30 June 2020	June 30, 2019	Symbol	Name of Investee	30 June 2020	June 30, 2019
<i>Number of shares</i>				<i>Market value in rupees</i>	
1,000	64,500	EFERT	ENGRO FERTILIZER LIMITED	60,280	4,126,065
3,200	15,950	ENGRO	ENGRO CORPORATION	937,344	4,236,320
-	27,351	EPCL	ENGRO POLYMER & CHEMICALS LIMITED	-	737,383
100	100	EPQL	ENGRO POWERGEN QADIRPUR LIMITED	2,022	2,047
141	141	FABL	FAYSAL BANK LIMITED	1,964	3,034
250	250	FATIMA	FATIMA FERTILIZER COMPANY LIMITED	6,683	7,463
167,620	705,120	FCCL	FAUJI CEMENT CO LIMITED	2,829,426	11,091,538
181	16,500	FCEPL	FRIESLANDCAMPINA ENGRO PAKISTAN LTD	13,305	962,445
200	200	FECTC	PECTO CEMENT LIMITED	4,164	3,900
21,001	1	FEROZ	FEROZSONS LABORATORIES LIMITED	6,309,330	112
563	59,063	FFBL	FAUJI FERTILIZER BIN QASIM LIMITED	8,985	1,076,718
7,500	237,700	FFC	FAUJI FERTILIZER CO LIMITED	824,925	20,727,440
16,000	6,000	FFL	FAUJI FOODS LIMITED	151,200	79,140
500	500	FIAM	HABIB MODARBA	4,975	4,705
100	100	FLYNG	FLYING CEMENT CO LIMITED	905	1,356
1,000	1,000	FRSM	FARAN SUGAR MILLS LIMITED	39,500	40,600
100	100	GADT	GADOON TEXTILE MILLS LIMITED	15,951	13,834
964	964	GASF	GOLDEN ARROW SELECTED STOCKS FUND LTD	-	6,603
1,200	6,000	GATM	GUL AHMED TEXTILE MILLS LIMITED	34,356	282,720
9,000	9,000	GENP	GENERTECH PAKISTAN LIMITED	-	-
500	500	GGGL	GHANI GLOBAL GLASS LIMITED	5,980	2,995
200	200	GHNI	GHANDARA INDUSTRIES LIMITED	24,200	17,474
126	126	GHNL	GHANDARA NISSAN LIMITED	7,907	6,606
4,400	-	GLAXO	GLAXO SMITHKLINE PAKISTAN	765,952	-
45	45	GSKCH	GLAXOSMITHKLINE CONSUMER	12,226	8,685
204	170	GTYR	GENERAL TYRE & RUBBER CO	12,138	8,757
500	500	GWLC	GHARIBWAL CEMENT LIMITED	8,140	5,180
10,790	2,790	HASCOL	HASCOL PETROLEUM LIMITED	146,744	191,450
1,726	5,226	HBL	HABIB BANK LIMITED	167,198	591,897
10,005	10,005	HCAR	HONDA ATLAS CARS (PAKISTAN) LIMITED	1,937,768	1,483,942
500	500	HIFA	HBL INVESTMENT FUND-A	1,340	2,025
500	500	HIFB	HBL INVESTMENT FUND-B	-	-
20	20	HINO	HINOPAK MOTORS LIMITED	7,460	6,440
2	2	HINOON	HIGHNOON LABORATORIES LIMITED	1,003	506
500	500	HIRAT	HIRA TEXTILE MILLS LIMITED	940	1,835
500	500	HTL	HI-TECH LUBRICANTS LIMITED	15,140	13,830
120	1,120	HUBC	HUB POWER COMPANY LIMITED	8,700	88,200
-	120	HUBCR	HUB POWER COMPANY LIMITED-R	-	3,180
109	109	IBLHL	IBL HEALTH CARE LIMITED	8,442	3,652
5	5	ICI	I.C.I PAKISTAN LIMITED	3,474	2,662
674	674	ICIBL	INVEST CAPITAL INVESTMENT BANK	539	553
110	110	ICL	ITTEHAD CHEMICALS LIMITED	2,899	2,966
5	5	IGIHL	IGI HOLDING LIMITED	905	760
2,500	-	INIL	INTERNATIONAL INDUSTRIES LTD	229,325	-
15,000	-	ISL	INTERNATIONAL STEELS LTD	774,750	-
-	2,000	INDU	INDUS MOTORS COMPANY	-	2,407,840
6	6	JLICL	JUBILEE LIFE INSURANCE CO	1,686	1,347
20,000	20,000	JOVC	J.O.V. & CO	-	-
<b>299,667</b>	<b>1,196,273</b>			<b>15,390,170</b>	<b>48,256,205</b>



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

30 June 2020	June 30, 2019	Symbol	Name of Investee	30 June 2020	June 30, 2019
Number of shares				Market value in rupees	
500	500	JPGL	JAPAN POWER GENERATION LIMITED	-	-
551	551	JSBL	JS BANK LIMITED	2,948	3,019
420	420	JSCL	JAHANGIR SIDDIQUI & CO LIMITED	4,956	4,544
300	300	JSIL	JS INVESTMENT LIMITED	4,440	4,635
100	6,600	KAPCO	KOT ADDU POWER COMPANY	2,015	240,108
500	500	KEL	K-ELECTRIC LIMITED	1,505	2,195
5	5	KOHE	KOHINOOR ENERGY LIMITED	175	180
20	20	KSBP	K.S.B. PUMPS COMPANY LIMITED	2,880	2,020
41	41	KTML	KOHINOOR TEXTILE MILLS LIMITED	1,456	1,027
3,000	3,000	LMSM	LANDMARK SPINNING INDUSTRIES	32,970	17,970
711	711	LOADS	LOADS LIMITED	9,883	10,743
2,000	500	LOTCEM	LOTTE CHEMICAL LIMITED	19,900	7,625
500	1,000	LPL	LALPIR POWER LIMITED	5,835	13,000
200	900	LUCK	LUCKY CEMENT LIMITED	92,316	342,423
2,550	2,550	MACTER	MACTER INTERNATIONAL LIMITED	237,329	155,423
18	18	MCB	MCB BANK LIMITED	2,917	3,140
4,984	4,984	MCBPSM	MCB BANK LIMITED-PSM	-	-
100,000		MDTL	MEDIA TIMES LTD	132,000	
34	34	MEBL	MEEZAN BANK LIMITED	2,341	2,963
1,000	1,000	MFTM	MUHAMMAD FAROOQ TEXTILE MILLS	-	-
575	75	MLCF	MAPLE LEAF CEMENT FACTORY	14,939	1,792
1,000	1,000	MUKT	MUHKHTAR TEXTILE MILLS	-	-
2,000	2,000	MWMP	MANDIWALA MAUSER	-	-
337	11,297	NBP	NATIONAL BANK OF PUNJAB	9,318	380,257
142	25,142	NCL	NISHAT (CHUNIAN) LIMITED	4,608	880,473
-	1,500	NCPL	NISHAT CHUNIAN POWER LIMITED	-	26,115
10	10	NETSOL	NETSOL TECHNOLOGIES LIMITED	497	659
1,000	1,000	NICL	NIMIR INDUSTRIAL CHEMICALS LIMITED	58,450	51,140
1,065	65	NML	NISHAT MILLS LIMITED	83,081	6,067
2,000	2,000	NORT	NORT LIMITED	-	-
100	1,100	NPL	NISHAT POWER LIMITED	2,265	30,294
10	10	NRL	NATIONAL REFINERY LIMITED	1,073	1,135
209	209	NRSL	NIMIR RESINS LIMITED	1,292	1,108
100	100	OGDC	OIL & GAS DEVELOPMENT COMPANY LIMITED	10,900	13,149
524	2,524	OLPL	ORIX LEASING PAKISTAN LIMITED	12,183	62,116
21,500	21,500	PACE	PACE (PAKISTAN) LIMITED	45,365	31,820
1,510	1,510	PAEL	PAK ELEKTRON LIMITED	34,622	30,230
300	300	PAKRI	PAKISTAN REINSURANCE CO LIMITED	6,825	7,488
1,842	1,842	PASL	PARVEZ AHMED SECURITIES LIMITED	1,345	958
145	145	PASM	PARAMOUNT SPINNING LIMITED	-	-
2,668	32,668	PIAA	P.I.A.C.L	11,392	147,333
154,572	154,581	PIBTL	PAKISTAN INT BULK TERMINAL LIMITED	1,360,234	1,304,664
2,010	2,010	PIOC	PIONEER CEMENT LIMITED	126,710	45,527
500	500	PKGP	PAKGEN POWER LIMITED	6,005	7,090
410	10	PKGS	PACKAGES LIMITED	142,356	3,006
100	5,100	PNSC	P.N.S.C	7,556	325,635
<b>312,063</b>	<b>291,832</b>			<b>2,496,882</b>	<b>4,169,071</b>



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

10.1	30 June 2020	June 30, 2019	Symbol	Name of Investee	30 June 2020	June 30, 2019
	Number of shares				Market value in rupees	
	6	6	POL	PAKISTAN OILFIELDS LIMITED		
	1	29,501	POIWER	POWER CEMENT LIMITED	2,104	2,435
	101	3,380	PPL	PAKISTAN PETROLEUM LIMITED	6	189,691
	500	25,500	PRL	PAKISTAN REFINERY LIMITED	8,765	488,173
	20,000	-	PRLR1	PAKISTAN REFINERY LIMITED	5,705	412,080
	10,000	-	PSMC	PAK SUZUKI MOTORS	3,400	-
	3,838	13,432	PSO	PAKISTAN STATE OIL CO LIMITED	1,618,300	-
	1,759	1,759	PSX	PAKISTAN STOCK EXCHANGE	607,018	2,278,470
	475	5	PTC	PAKISTAN TELECOMMUNICATION CO	17,414	22,867
	500	500	QUICE	QUICE FOODS INDUSTRIES LIMITED	4,218	41
	1,000	1,000	RCML	RELIANCE COTTON SPINNING	2,375	1,355
	500	500	REWM	RELIANCE WEAVING MILLS	128,000	146,000
	428	777	RPL	ROSHAN PACKAGES LIMITED	11,500	12,245
	1,691	1,691	SBL	SAMBA BANK LIMITED	9,596	10,381
	40	1,040	SCBPL	STANDARD CHARTERED BANK LIMITED	13,207	9,284
	371	1,109	SEARL	THE SEARLE COMPANY	1,102	23,327
	1,266	1,266	SEPCO	SOUTHERN ELECTRIC POWER CO	73,914	162,535
	-	1,000	SHEL	SHELL (PAKISTAN) LIMITED	-	-
	85,994	1,410,994	SILK	SILK BANK LIMITED	-	182,460
	101	101	SITC	SITARA CHEMICAL INDUSTRY LIMITED	72,235	1,664,973
	-	1,000	SJTM	SAJJAD TEXTILE MILLS LIMITED	27,988	30,893
	600,757	600,757	SMBL	SUMMIT BANK LIMITED	-	1,000
	23	5,523	SNBL	SONERI BANK LIMITED	720,908	390,492
	15,010	510	SNGP	SUI NORTHERN GAS PIPELINE LIMITED	255	56,611
	197	1,400	SPL	SITARA PEROXIDE LIMITED	819,546	35,440
	500	1,500	SPWL	SAIF POWER LIMITED	4,021	26,852
	22,500	-	STPL	SIDDIQSONS TIN PLATE LIMITED	8,035	28,140
	500	-	SYS	SYSTEMS LIMITED	207,450	-
	-	2,500	SSGC	SUI SOUTHERN GAS COMPANY LIMITED	91,840	-
	1,500	1,500	TELE	TELECARD LIMITED	-	51,700
	5	5	THALL	THAL LIMITED	1,830	1,575
	500	500	THCCL	THATTA CEMENT CO LIMITED	1,625	1,820
	500	500	TPL	TPL CORP LIMITED	4,270	4,675
	162	20,162	TREET	TREET CORPORATION LIMITED	2,585	2,440
	44,000	57,500	TRG	TRG PAKISTAN LIMITED	2,893	307,671
	276	5,676	UBL	UNITED BANK LIMITED	1,242,560	940,700
	14,590	15,590	UNITY	UNITY FOODS LIMITED	28,527	836,529
	1,000	1,000	WTCL	WATEEN TELECOM LIMITED	162,679	160,576
	153,228	153,228	WTL	WORLDCALL TELECOM LIMITED	-	-
	28,415	28,415	ZELP	ZEAL PAK CEMENT LIMITED	133,308	107,260
	<b>1,012,234</b>	<b>2,390,827</b>			<b>6,039,179</b>	<b>8,590,691</b>
	<b>2,757,466</b>	<b>5,317,601</b>			<b>34,258,733</b>	<b>72,083,307</b>

**10.2 Investments at fair values through other comprehensive income**

2020	2019	Symbol	Name of Investee	2020	2019
Number of shares				Market value in Rupees	
1,081,194	-	PSX	PAKISTAN STOCK EXCHANGE LIMITED	10,703,821	-
<b>1,081,194</b>	<b>-</b>			<b>10,703,821</b>	<b>-</b>
<b>3,838,660</b>	<b>5,317,601</b>			<b>44,962,554</b>	<b>72,083,307</b>

10.3 Shares having market value of Rs. 41,492,676/- (2019: 1,928,402/-) are pledged as security with commercial banks, PSX and NCCPL for the purpose of borrowings, base minimum capital and exposure requirements.



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

Notes	Rupees 2020	Rupees 2019
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**11 CASH AND BANK BALANCES**

Cash in hand		
Cash at bank	160,000	302,120
- in current account		
- in savings account	5,160,801	9,724,011
11.1	10,324,893	2,648,542
	15,645,695	12,674,673

11.1 The return on these balances is 7% to 11% (2019: 5% to 9% ) per annum on daily product basis.

**11.2 Bank balance pertains to:**

Clients	15,342,479	12,310,783
Brokerage House	143,215	61,770
	15,485,695	12,372,553

**12 ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

Number of shares		
2020	2019	
9,500,000	9,500,000	Ordinary shares of Rs. 10 each fully paid in cash
9,500,000	9,500,000	
		95,000,000
		95,000,000

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

**13 LONG TERM LOAN - UNSECURED**

From director - unsecured	13.1	11,130,750	11,130,750
		11,130,750	11,130,750

13.1 This represents subordinated markup free loan obtained from Mr. Amir Zia, director of the company, the terms of the loan are not fixed and payable at the discretion of the company.

**14 SHORT TERM BORROWINGS - SECURED**

Running finance	14.1	82,374,484	174,163,850
Murabahah finance	14.2	59,777,831	50,620,064
		142,152,315	224,783,914

14.1 The Company has obtained running finance facilities amounting to Rs. 412.5 Million (2019 : Rs. 412.5 Million) from various commercial banks. The finance is secured against pledge of shares of listed companies quoted at Pakistan Stock Exchange Limited and personal guarantees of directors of the company. The mark-up charged on these facilities is 3 months KIBOR + 2.75% to 3.25% (2019: 3 months KIBOR + 2.75% to 3.25%) per annum to be refixed on 1st working day of every calendar quarter.

14.2 The Murabahah Finance facility is obtained amounting to Rs. 60 million (2019: 60 million) which is secured against pledge of shares of listed companies quoted at Pakistan Stock Exchange Limited, e-mortgage of property and personal guarantee of directors. The mark-up charged on this facility is 3 months KIBOR + 4% per annum.

**15 TRADE PAYABLES**

Payable to clients against trading	15,025,411	15,300,486
	15,025,411	15,300,486

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

Notes	Rupees 2020	Rupees 2019
<b>16 ACCRUED EXPENSES &amp; OTHER LIABILITIES</b>		
Markup payable on running finance facilities		
Accrued expenses	2,508,047	5,972,465
Provident fund payable	350,000	250,000
SST payable	1,691	1,691
Other liabilities	11,489,295	5,567,891
	1,473,878	1,736,101
	<b>15,822,910</b>	<b>13,528,148</b>

**17 CONTINGENCIES AND COMMITMENTS**

- 17.1 The company has defaulted on payment of Sindh Sales Tax liability for 8 months during the year and show cause notice have been received from Sindh Revenue Board. Late payment of sales tax liability could attract the default surcharge and penalty which is not recognized in the financial statements.
- 17.2 SECP has imposed a penalty of Rs. 1,000,000 on violation of certain regulations including charging markup on client balances. No provision for this liability have been provided. The company has filed an appeal before SECP Appellate Bench which is pending.
- 17.3 There were no commitments outstanding as at the year end. (2019: Nil)

**18 OPERATING REVENUE**

Brokerage commission	58,421,219	33,270,061
Less: Sales tax on services	(5,609,698)	(2,409,649)
PSX		
PMEX		
Dividend income	-	2,277
	2,886,513	6,819,818
	<b>55,698,034</b>	<b>37,682,507</b>
<b>18.1 Brokerage Income - net of sales tax</b>		
<b>Equity brokerage</b>		
- Institutional customers	-	-
- Retail clients	-	-
	<b>52,811,521</b>	<b>30,860,412</b>
	<b>52,811,521</b>	<b>30,860,412</b>

**19 ADMINISTRATIVE EXPENSES**

Salaries, wages and other benefits		
Directors' remuneration	27,846,091	22,027,624
Service and transaction charges	2,700,000	2,610,000
Printing and stationery	7,673,097	5,956,381
Fees and subscriptions	773,281	126,540
Legal and professional charges	313,534	86,100
Postage and courier	163,400	454,650
Insurance	161,746	109,333
Rent, rates and taxes	1,046,099	982,519
Telephone & communication charges	1,943,638	1,621,109
Internet, software and I.T expenses	2,553,491	2,405,109
Advertisement & business promotion	3,930,390	4,773,028
Auditor's remuneration	630,000	650,400
Travelling and conveyance expenses	300,000	300,000
Entertainment	869,170	832,542
Allowance for expected credit loss	1,229,040	287,717
Utilities	8,409,871	9,749,905
Repair and maintenance	2,129,962	2,498,314
Depreciation	501,115	847,300
Other expenses	1,434,809	1,393,661
	1,002,170	833,383
	<b>65,610,903</b>	<b>58,545,616</b>



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**19.1 Remuneration of Chief Executive and Director**

	2020			2019		
	Chief Executive	Directors	Executive	Chief Executive	Directors	Executive
Managerial remuneration	2,700,000	-	-	2,610,000	-	-
Company's contribution to the Provident Fund	-	-	-	-	-	-
Fees	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
Housing and utilities	-	-	-	-	-	-
	<b>2,700,000</b>	<b>-</b>	<b>-</b>	<b>2,610,000</b>	<b>-</b>	<b>-</b>
Number of persons (including those who worked part of the year)	1	1		1	1	

Notes	Rupees 2020	Rupees 2019
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**19.2 Auditors' remuneration**

**Audit services**

Annual audit fee  
Certifications

**Non-audit services**

Other services

200,000	200,000
100,000	100,000
<b>300,000</b>	<b>300,000</b>

-	-
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<b>300,000</b>	<b>300,000</b>
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**20 FINANCE COSTS**

Bank charges  
Mark-up on short term borrowings

1,156,041	1,903,929
27,881,725	29,200,651
<b>29,037,766</b>	<b>31,104,580</b>

201 This represents mark-up payable on short term borrowing (for details refer note 14).

**21 OTHER INCOME**

**From financial assets**

Profit on exposure deposit  
Profits on deposit in savings account  
IPO commission  
Profit on Margin Trading Services

664,180	548,516
119,273	109,718
-	20,406
40,875	95,764
<b>824,328</b>	<b>774,405</b>

**From non financial assets**

Recoveries

8,653,376	3,316,162
<b>8,653,376</b>	<b>3,316,162</b>
<b>9,477,705</b>	<b>4,090,566</b>

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

Notes	Rupees 2020	Rupees 2019
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**22 TAXATION**

Current

1,367,196	3,294,804
<u>1,367,196</u>	<u>3,294,804</u>

22.1 In the view of tax loss in current and previous year, provision for minimum tax was made in accordance with Section 113 of Income Tax Ordinance, 2001. Therefore, relationship between tax expense and accounting profit has not been presented for the current and previous year.

22.2 The income tax returns of the Company have been filed up to tax year 2019 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.

**23 LOSS PER SHARE - BASIC AND DILUTED**

**23.1 Basic loss per share**

Loss after taxation

Number of shares issued up to the end of the year

(2,353,458)	(59,431,385)
9,500,000	9,500,000
<u>(0.25)</u>	<u>(6.26)</u>

**23.2 Diluted earnings per share**

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

**24 CASH AND CASH EQUIVALENTS**

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

Short term running finance

Cash & bank balances

(142,152,315)	(224,783,914)
15,645,695	12,674,673
<u>(126,506,621)</u>	<u>(212,109,240)</u>



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**25 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

**25.1 Financial Instruments by category**

**25.1.2 Financial Assets**

	2020			Total
	At fair value through profit or loss - held for trading	At fair value through other comprehensive income	At amortised cost	
Long term investment	-	-	-	-
Long term loans, advances & deposits	-	-	12,403,000	12,403,000
Trade receivables	-	-	147,784,808	147,784,808
Advances, deposits, pre-payments & other receivables	-	-	3,514,303	3,514,303
Short term investment	34,258,733	10,703,821	-	44,962,554
Cash & bank balances	-	-	15,645,695	15,645,695
	<b>34,258,733</b>	<b>10,703,821</b>	<b>179,347,806</b>	<b>224,310,360</b>

	2019			Total
	At fair value through profit or loss - held for trading	At fair value through other comprehensive income	At amortised cost	
Long term investment	-	14,055,522	-	14,055,522
Long term loans, advances & deposits	-	-	2,453,000	2,453,000
Trade receivables	-	-	199,237,321	199,237,321
Advances, deposits, pre-payments & other receivables	-	-	8,931,644	8,931,644
Short term investment	72,083,307	-	-	72,083,307
Cash & bank balances	-	-	15,645,695	15,645,695
	<b>72,083,307</b>	<b>14,055,522</b>	<b>226,267,660</b>	<b>312,406,489</b>

**25.1.2 Financial Liabilities**

	2020		Total
	Amortised cost	At fair value through profit or loss	
Long term loan	11,130,750	-	11,130,750
Short term running finance	142,152,315	-	142,152,315
Trade payables	15,025,411	-	15,025,411
Accrued expenses & other liabilities	4,331,924	-	4,331,924
	<b>172,640,401</b>	<b>-</b>	<b>172,640,401</b>

	2019		Total
	Amortised cost	At fair value through profit or loss	
Long term loan	11,130,750	-	11,130,750
Short term running finance	224,783,914	-	224,783,914
Trade payables	15,300,486	-	15,300,486
Accrued expenses & other liabilities	7,958,566	-	7,958,566
	<b>259,173,716</b>	<b>-</b>	<b>259,173,716</b>

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**26 Financial Risk Management**

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

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

**26.1 Market Risk**

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

**(i) Interest Rate Risk**

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company is exposed to such risk mainly in respect of short-term borrowings. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's loss by **Rs. 1,421,523/-** and a 1% decrease would result in a decrease in the Company's loss by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

**(ii) Foreign Currency Risk**

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

**(iii) Equity Price Risk**

Equity price risk is the risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. Management of the Company estimates that a 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Company's profit by **Rs. 4,496,255/-** and a 10% decrease would result in a decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

**26.2 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

2020

Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
-----------------	------------------------	-------------------	----------------------	------------------	-------------------

(Rupees)

**Financial liabilities**

Long term loan	11,130,750	11,130,750	-	-	11,130,750	11,130,750
Short term running finance	142,152,315	142,152,315	142,152,315	-	-	-
Trade payables	15,025,411	15,025,411	15,025,411	-	-	-
Accrued expenses & other liabilit	4,331,924	4,331,924	4,331,924	-	-	-
	<b>172,640,401</b>	<b>172,640,401</b>	<b>161,509,651</b>	<b>-</b>	<b>11,130,750</b>	<b>11,130,750</b>



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

	2019					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
<b>Financial liabilities</b>						
Long term loan	11,130,750	11,130,750	-	-	-	-
Short term running finance	224,783,914	224,783,914	224,783,914	-	11,130,750	11,130,750
Trade payables	15,300,486	15,300,486	15,300,486	-	-	-
Accrued expenses & other liabilities	7,958,566	7,958,566	7,958,566	-	-	-
	<b>259,173,716</b>	<b>259,173,716</b>	<b>248,042,966</b>	-	<b>11,130,750</b>	<b>11,130,750</b>

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations.

**Exposure to credit risk**

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

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimised due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery. Except for provision made against the trade receivables amounting to Rs. 18,159,776, the Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is as follows:

Long term investment	
Long term loans, advances & deposits	
Trade receivables	
Advances, deposits, pre-payments & other receivables	
Short term investment	
Cash & bank balances	

	Rupees 2020	Rupees 2019
	-	14,055,522
	12,403,000	2,453,000
	147,784,808	199,237,321
	3,514,303	8,931,644
	44,962,554	72,083,307
	15,645,695	15,645,695
	<b>224,310,360</b>	<b>312,406,489</b>

**Concentration of credit risk**

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

**Trade receivables**

The aging of trade receivables and related movement in Expected Credit Loss has been disclosed in note 9 of these financial statements

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**Bank balances**

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with the credit ratings are tabulated below:

AAA  
A1+  
A1  
AA -

Rupees 2020	Rupees 2019
2,998,708	43,956
12,183,466	12,285,700
123,585	24,681
179,936	18,217
<b>15,485,694</b>	<b>12,372,553</b>

**26.4 Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for Investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas.

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

**26.5 Fair value of financial instruments**

The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

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



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

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

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

**Financial assets**

*At fair value through profit and loss*

Listed securities

2020			
Level 1	Level 2	Level 3	Total
34,258,733	-	-	34,258,733
<b>34,258,733</b>	<b>-</b>	<b>-</b>	<b>34,258,733</b>

*At fair value - through other comprehensive income*

Investment in shares of Pakistan Stock Exchange Limited

10,703,821	-	-	10,703,821
<b>10,703,821</b>	<b>-</b>	<b>-</b>	<b>10,703,821</b>

*At fair value through profit and loss*

Listed securities

2019			
Level 1	Level 2	Level 3	Total
72,083,307	-	-	72,083,307
<b>72,083,307</b>	<b>-</b>	<b>-</b>	<b>72,083,307</b>

*At fair value - through other comprehensive income*

Investment in shares of Pakistan Stock Exchange Limited

14,055,522	-	-	14,055,522
<b>14,055,522</b>	<b>-</b>	<b>-</b>	<b>14,055,522</b>

**26.6 Capital management**

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

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

**27 OPERATING SEGMENT**

These financial statements have been prepared on the basis of a single reportable segment as the Company's asset allocation decisions are based on a single and integrated business strategy.

All non current assets of the Company as at 30 June 2020 are located in Pakistan.

**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**28 RELATED PARTY TRANSACTIONS**

Related parties comprise of group companies (the parent company, fellow subsidiaries and the subsidiaries). Key management personnel of the Company and directors and their close family members, major shareholders of the Company and staff provident fund. Transaction with related parties are not on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment.

Following are the related parties with whom the Company had entered into transactions or have arrangement/ agreement in place:

**Balances at year end**

Name and relation with related party	Percentage shareholding	Nature of Transaction	2020	2019
Amir Zia (Director)	93.00%	Payable against trading	6,422	14,597
		Long term loan received	11,130,750	11,130,750

**29 NUMBER OF EMPLOYEES**

Total employees of the Company at the year end  
Average employees of the Company during the year

	2020	2019
Total employees of the Company at the year end	54	37
Average employees of the Company during the year	46	42

**30 PATTERN OF SHAREHOLDING**

Name of shareholders	2020	2019	2020	2019
	Number of Shares		Percentage of Holding	
Amir Zia	8,835,000	8,835,000	93.000%	93.000%
Tahmina Amir	664,999	664,999	7.000%	7.000%
Aneela Ashraf	1	1	0.000%	0.000%
	<b>9,500,000</b>	<b>9,500,000</b>	<b>100%</b>	<b>100%</b>

*During the year there were no changes in shareholdings above 5%*

**31 CAPITAL ADEQUACY LEVEL**

Total Assets  
Less: Total Liabilities  
Less: Revaluation Reserves (Created upon revaluation of Fixed Assets)  
**Capital Adequacy Level**

June 30, 2020

265,744,141
(184,131,387)
-
<b>81,612,754</b>

31.1

31.1 While determining the value of the total assets of the TREC Holder, notional value of the TRE certificate held by the company as at June 30, 2020, as determined by Pakistan Stock Exchange has been considered.



**AZEE SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**

**32 NET CAPITAL BALANCE**

Net Capital Balance of the Company, as at June 30, 2020, in accordance with the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 and the guidebook issued by Securities and Exchange Commission of Pakistan is **Rs. 27,007,941 /-**. The Statement of Net Capital Balance is enclosed as **Annexure A-I**.

**33 LIQUID CAPITAL BALANCE**

Liquid Capital Balance of the Company, as at June 30, 2020, in accordance with the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 is **Rs. 18,427,308/-**. The Statement of Liquid Capital is enclosed as **Annexure A-II**.

**34 AUTHORIZATION FOR ISSUE**

These financial statements were approved by the Company's board of directors and authorised for issue on **06 OCT 2020**

**35 GENERAL**

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

Figures have been rounded off to the nearest rupee.

  
Chief Executive

  
Director

**AZEE SECURITIES (PRIVATE) LIMITED**  
**Statement of Net Capital Balance (Annexure I)**  
**As at June 30, 2020**

DESCRIPTION	VALUATION BASIS	Note	Sub Total (Rupees)	Total
<b>Current Assets</b>				
Bank balances and cash deposit	As per book value	2		15,645,694
Trade Receivables	Book Value Less: Overdue for more than fourteen days	3	165,238,241 135,071,531 30,166,710	30,166,710
Investments in listed securities in the name of broker	Securities on the exposure list marked to market less 15% discount	4	31,096,819 4,664,523	26,432,296
Securities purchased for clients	Securities purchased for the client and held by the broker where the payment has not been received within fourteen days	5		127,763,879
Listed TFCs / Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan.	Marked to Market less 10% discount			-
FIBs	Marked to Market less 5% discount			-
Treasury Bill	At market value			-
Any other current asset specified by the Commission	As per the valuation basis determined by the Commission			-
<b>TOTAL ASSETS</b>				<b>200,008,579</b>
<b>Current Liabilities</b>				
Trade payables	Book Value Less: Overdue for more than 30 days	6	15,025,411 11,071,881	3,953,530
Other liabilities	As classified under the generally accepted accounting principles	7		169,047,108
				<b>173,000,638</b>
<b>NET CAPITAL BALANCE</b>				<b>27,007,941</b>

The annexed notes 1 to 7 form an integral part of the statement.



**AZEE SECURITIES (PRIVATE) LIMITED**  
**Notes to the Statement of Net Capital Balance**

**1 STATEMENT OF COMPLIANCE**

The statement of net capital balance of the Company ("the Statement") has been prepared in accordance with the requirements as contained in the Schedule II of the Securities Brokers (Licensing and Operations) Regulations, 2016 and the guidebook issued by Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 08, 2016.

The statement is prepared specifically to meet the above mentioned requirements and for submission to the Pakistan Stock Exchange, National Clearing Company of Pakistan Limited and the Securities and Exchange Commission of Pakistan. As a result, the statement may not be suitable for another purpose.

**2 BANK BALANCES AND CASH DEPOSITS**

(Rupees)

These are stated at book value.

**Cash in hand** 160,000

**Bank balance pertaining to:**

*Brokerage house*

Habib Metropolitan Bank Limited	32,472
MCB Bank Limited	20,583
JS Bank Limited	59,919
The Bank of Khyber	30,241
	143,215

*Clients*

Bank Al Habib Limited	147,968
Faysal Bank Limited	29,822
Summit Bank Limited	15,895
Allied Bank Limited	248,743
Habib Bank Limited	2,998,708
UBL Bank Limited	305,121
Soneri Bank Limited	1,218,280
MCB Bank Limited	3,362
The Bank of Khyber	2,163
Meezan Bank Limited	5,072,377
MCB Bank Limited	91,180
Bank Al Falah Limited	3,143,715
Askari Bank Limited	179,936
Dubai Islamic Bank Limited	1,837,685
Sindh Bank Limited	13,012
Habib Metropolitan Bank Limited	34,511
	15,342,479

**Deposits against exposure**

Ready market	-
Future market and loss	-
MTS exposure margin	-
	-

**Total Cash and Bank Balances**

**15,645,694**

**3 TRADE RECEIVABLES**

These are stated at book value and classified as balance generated within 14 days and outstanding for more than 14 days

**AZEE SECURITIES (PRIVATE) LIMITED**  
**Notes to the Statement of Net Capital Balance**

**4 INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER**

These includes tradable listed securities at market value less discount at 15%

**5 SECURITIES PURCHASED FOR CLIENTS**

These amount represents to the lower of value of securities appearing in the clients respective sub account to the extent of overdue balance for more than 14 days or value of investments.

**6 TRADE PAYABLES**

These represents balance payable against trading of shares less trade payable balances overdue for more than 30 days which has been included in other liabilities.

**7 OTHER LIABILITIES**

These represents current liabilities, other than trade payable which are due within 30 days. Other liabilities are stated at book value.

*The break up as per trial balance is as follows:*

**Short term borrowings**

Bank Al Falah Limited	15,549,599
Askari Bank Limited	13,086,077
The Bank of Khyber	6,844,518
Sindh Bank Limited	41,841,775
Dubai Islamic Bank	1,989,367
Meezan Bank Limited	3,063,148
Dubai Islamic Bank Limited <i>Murabahah finance</i>	59,777,831
	<b>142,152,316</b>

Overdue for more than 30 days	11,071,881
Markup payable on running finance facilities	2,508,047
Accrued expenses	350,000
Provident fund payable	1,691
SST payable	11,489,295
Other liabilities	1,473,878
	<b>26,894,792</b>

<b>Total</b>	<b><u>169,047,108</u></b>
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**AZEE SECURITIES (PRIVATE) LIMITED**  
**Statement of Liquid Capital (Annexure II)**  
**As on June 30, 2020**

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>I. Assets</b>				
1.1	Property & Equipment			
1.2	Intangible Assets	6,447,519	(6,447,519)	-
1.3	Investment in Govt. Securities (150,000*99)	3,515,000	(3,515,000)	-
	<b>Investment in Debt Securities</b>			
	<b>If listed than:</b>			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	<b>If unlisted than:</b>			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			
	<b>Investment in Equity Securities</b>			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	31,096,819	(5,630,438)	25,466,381
	ii. If unlisted, 100% of carrying value.	-	-	-
1.5	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	-	-
1.6	Investment in subsidiaries			
	<b>Investment in associated companies/undertaking</b>			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.			
	ii. If unlisted, 100% of net value.			
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.			
1.9	Margin deposits with exchange and clearing house.			
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	229,610	(229,610)	-
1.11	Other deposits and prepayments			
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)			
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties			
1.13	Dividends receivables.			
	Amounts receivable against Repo financing.			
1.14	Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)			
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months			
	ii. Receivables other than trade receivables			
	<b>Receivables from clearing house or securities exchange(s)</b>	3,284,693	(3,284,693)	-
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MiM gains			
	claims on account of entitlements against trading of securities in all markets including MiM gains.			
	<b>Receivables from customers</b>			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VaR based Haircut. (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut.			
	<b>i. Lower of net balance sheet value or value determined through adjustments.</b>			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value.			
	ii. Net amount after deducting haircut			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract.			
1.17	iii. Net amount after deducting haircut			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.			
	iv. Balance sheet value	13,886,308	-	13,886,308



	v. Increase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VAR based haircuts.	151,358,933	136,446,346	136,446,346
	<b>v. Lower of net balance sheet value or value determined through adjustments</b>			
	<b>vi. 100% haircut in the case of amount receivable from related parties.</b>			
	<b>Cash and Bank balances</b>			
1.18	i. Bank Balance-proprietary accounts			
	ii. Bank balance-customer accounts			
	iii. Cash in hand	143,215	-	143,215
	<b>Total cash and bank balances</b>	15,342,479	-	15,342,479
	<b>Total Assets</b>	143,215	-	143,215
		15,628,909	-	15,628,909
		225,440,791	-	191,427,945
	<b>2. Liabilities</b>			
	<b>Trade Payables</b>			
2.1	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products			
	iii. Payable to customers			
	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues	15,025,411	-	15,025,411
	ii. Accruals and other payables			
	iii. Short-term borrowings			
2.2	iv. Current portion of subordinated loans	15,822,910	-	15,822,910
	v. Current portion of long term liabilities	142,152,315	-	142,152,315
	vi. Deferred Liabilities			
	vii. Provision for bad debts			
	viii. Provision for taxation			
	ix. Other liabilities as per accounting principles and included in the financial statements			
	<b>Non-Current Liabilities</b>			
	i. Long-Term financing			
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease			
	b. Other long-term financing			
	ii. Staff retirement benefits			
2.3	iii. Advance against shares for increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained. d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital. iv. Other liabilities as per accounting principles and included in the financial statements			
	<b>Subordinated Loans</b>			
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange. d. Subordinated loans which do not fulfill the conditions specified by SECP			
2.4	ii. Subordinated loans which do not fulfill the conditions specified by SECP			
	<b>Total Liabilities</b>			
	<b>3. Ranking Liabilities Relating to:</b>			
	<b>Concentration in Margin Financing</b>	173,000,637		173,000,637
3.1	The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees			
	<b>Concentration in securities lending and borrowing</b>			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed			
3.2				
	<b>Net underwriting Commitments</b>			
	(a) in the case of right issue: if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting			
3.3				
	(b) in any other case: 12.5% of the net underwriting commitments			
	<b>Negative equity of subsidiary</b>			



3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary			
<b>Foreign exchange agreements and foreign currency positions</b>				
3.5	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency			
3.6	Amount Payable under REPO			
<b>Repo adjustment</b>				
3.7	<b>In the case of financier/purchaser</b> the total amount receivable under Repo less the 110% of the market value of underlying securities. <b>In the case of financee/seller</b> the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
<b>Concentrated proprietary positions</b>				
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	-	-
<b>Opening Positions in futures and options</b>				
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/pledged with securities exchange after applying VaR haircuts	-	-	-
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-
<b>Short sell positions</b>				
3.10	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts			
	ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.			
3	<b>Total Ranking Liabilities</b>	-	-	-
	<b>Liquid Capital</b>	52,440,454	-	18,427,308