NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

R. T. Securities (Private) Limited
Financial Statements
For the year ended June 30, 2020

A member firm of
CPAAI
CPA ASSOCIATES INTERNATIONAL

RT Securities (Private) Limited

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.

	Rupees
Operating revenue	21,821,916
Operating expenses	(41,336,099)
Operating loss	**(19,514,182)**
Other charges	-
Other income	2,016,167
Loss before taxation	**(17,498,015)**
Taxation	(235,904)
Loss after taxation	**(17,733,919)**

Loss per share

Loss per share for the year ended 30th June 2020 was Rs. **(3.07)**

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: 03 OCT 2020

Director

Chief Executive

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NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of R.T. Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **R.T. 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.

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.

NASIR JAVAID MAQSOOD IMRAN KARACHI CHARTERED ACCOUNTANTS

Dated: 03 OCT 2020
Karachi

NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

R.T. SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	Rupees 2020	Rupees 2019
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	774,351	951,830
Intangible assets	5	2,944,891	3,009,855
Investment property	6	85,621	95,135
Long term investment *at fair value through other comprehensive income*	7	-	14,055,522
Long term advances & deposits	8	14,850,000	14,850,000
		18,654,863	32,962,342
CURRENT ASSETS			
Trade receivables	9	225,735,053	300,833,075
Advances, deposits, pre-payments & other receivables	10	3,863,550	16,986,062
Short term investments	11	68,970,538	52,137,984
Cash & bank balances	12	19,654,127	7,690,752
		318,223,269	377,647,873
TOTAL ASSETS		336,878,132	410,610,214
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
15,000,000 (2019: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up capital	13	57,800,000	57,800,000
Reserves		13,334,072	34,419,692
		71,134,072	92,219,692
LIABILITIES			
Long term loan	14	100,000,000	100,000,000
CURRENT LIABILITIES			
Short term running finance	15	134,375,921	186,265,042
Trade payables		19,336,714	6,797,419
Accrued expenses & other liabilities	16	12,031,425	25,328,062
		165,744,060	218,390,523
CONTINGENCIES AND COMMITMENTS	17	-	-
TOTAL EQUITY AND LIABILITIES		336,878,132	410,610,214

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

Chief Executive

Director

R.T. SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	Rupees 2020	Rupees 2019
REVENUE			
Operating revenue	18	10,029,156	11,931,026
Capital loss on sale of securities		(51,020)	(2,784,581)
Unrealised gain / (loss) on remeasurement of investment at fair value - through profit or loss		11,843,781	(47,082,287)
		21,821,916	(37,935,843)
Administrative expenses	19	(17,087,120)	(19,569,235)
Finance cost	20	(24,248,978)	(31,353,858)
		(41,336,099)	(50,923,093)
Operating loss		(19,514,182)	(88,858,936)
Other income	21	2,016,167	3,481,939
Loss before taxation		(17,498,015)	(85,376,997)
Taxation	22	(235,904)	(736,200)
Loss after taxation		(17,733,919)	(86,113,197)
Loss per share - basic and diluted	23	(3.07)	(14.90)

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

Chief Executive

Director

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

	Note	Rupees 2020	Rupees 2019
Loss after taxation		**(17,733,919)**	**(86,113,197)**
Other comprehensive loss for the year			
Items that will not be reclassified to statement of profit or loss subsequently			
Unrealised loss on remeasurement of investment - At fair value - through other comprehensive income		(3,351,701)	(7,298,060)
Total comprehensive loss for the year		**(21,085,620)**	**(93,411,257)**

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

Chief Executive

Director

R.T. SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	Rupees 2020	Rupees 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(17,498,015)**	**(85,376,997)**
Add / (less) : Items not involved in movement of fund:			
Depreciation		186,993	236,868
Amortization of software		64,964	86,618
Capital loss on sale of securities		51,020	2,784,581
Unrealised (gain) / loss on remeasurement of investment at fair value - through profit or loss		(11,843,781)	47,082,287
Finance cost		24,248,978	31,353,858
		12,708,174	81,544,212
Cash used in operating activities before working capital changes		**(4,789,841)**	**(3,832,785)**
Net change in working capital	(a)	93,372,120	128,829,524
		88,582,279	**124,996,739**
Finance costs paid		(24,248,978)	(31,353,858)
Taxes paid		(480,805)	(1,724,404)
Net cash generated from operating activities		**63,852,495**	**91,918,477**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		-	(13,300)
Net cash used in investing activities		-	**(13,300)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan obtained from director		-	35,000,000
Net cash generated from financing activities		-	**35,000,000**
Net increase / (decrease) in cash and cash equivalents		**63,852,495**	**126,905,177**
Cash and cash equivalent at beginning of the year		(178,574,290)	(305,479,467)
Cash and cash equivalent at end of the year	24	**(114,721,795)**	**(178,574,290)**
(a) Statement of change in working capital			
(Increase) / decrease in current assets			
Trade receivables		75,098,022	172,963,609
Advances, deposits, pre-payments & other receivables		13,367,413	23,043,409
Short term investments		5,664,028	(14,992,307)
		94,129,463	**181,014,711**
Increase / (decrease) in current liabilities			
Trade payables		12,539,295	(17,956,933)
Accrued expenses & other liabilities		(13,296,638)	(34,228,254)
		(757,343)	**(52,185,187)**
Net change in working capital		**93,372,120**	**128,829,524**

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

Chief Executive

Director

R.T. 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**
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Balance as at June 30, 2018	**57,800,000**	**117,289,306**	**10,541,642**	**127,830,948**	**185,630,948**
Loss for the year	-	(86,113,197)	-	**(86,113,197)**	**(86,113,197)**
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	**57,800,000**	**31,176,109**	**3,243,582**	**34,419,692**	**92,219,692**
Loss for the year	-	(17,733,919)	-	(17,733,919)	**(17,733,919)**
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	**57,800,000**	**13,442,191**	**(108,119)**	**13,334,072**	**71,134,072**

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

Chief Executive

Director

R.T. SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

R.T. Securities (Private) Limited is private limited company incorporated under the Companies Ordinance, 1984 on May 29, 2001. The Company is a Trading Right Entitlement Certificate Holder of the Pakistan Stock Exchange Limited and is engaged in the business of Stock brokerage and investment. The registered office is situated at 10-C, 4th Floor, Ittehad Lane-09, corner of Ghazi and Nishat, Phase-VI, DHA, Karachi.

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.

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.

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 clarifies 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.

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.

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.

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.

Subsequent Measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / markeup 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 ohter comprehensive income are reclassified 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 authozied 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:

- 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 quantitative 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 entirely 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 amout 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.

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 wuch 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.

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.

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.

R.T. SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

4 PROPERTY AND EQUIPMENT

	Computers	Office equipments	Furnitures & fixtures	Total
	(Rupees)	*(Rupees)*	*(Rupees)*	*(Rupees)*
Net carrying value basis				
Year ended June 30, 2020				
Opening net book value (NBV)	231,364	211,325	509,141	**951,830**
Additions (at cost)	-	-	-	-
Disposals (at NBV)	-	-	-	-
Depreciation charge	(69,409)	(31,699)	(76,371)	**(177,479)**
Closing net book value (NBV)	**161,955**	**179,626**	**432,770**	**774,351**
Gross carrying value basis				
As at June 30, 2020				
Cost	755,065	339,000	829,051	**1,923,116**
Accumulated depreciation	(593,110)	(159,374)	(396,281)	**(1,148,765)**
Net book value (NBV)	**161,955**	**179,626**	**432,770**	**774,351**
Net carrying value basis				
Year ended June 30, 2019				
Opening net book value (NBV)	330,520	235,318	598,989	**1,164,827**
Additions (at cost)	-	13,300	-	**13,300**
Disposals (at NBV)	-	-	-	-
Depreciation charge	(99,156)	(37,293)	(89,848)	**(226,297)**
Closing net book value (NBV)	**231,364**	**211,325**	**509,141**	**951,830**
Gross carrying value basis				
As at June 30, 2019				
Cost	755,065	339,000	829,051	**1,923,116**
Accumulated depreciation	(523,701)	(127,675)	(319,910)	**(971,286)**
Net book value (NBV)	**231,364**	**211,325**	**509,141**	**951,830**
Rate of Depreciation	**30**	**15**	**15**	

R.T. SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

	Notes	Rupees 2020	Rupees 2019
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		250,000	250,000
Computer software	5.2	194,891	259,855
		2,944,891	**3,009,855**

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.

5.2 Computer software

Opening net book value	259,855	346,474
Addition during the year	-	-
	259,855	346,474
Amortization for the year	(64,964)	(86,620)
Net carrying value	**194,891**	**259,855**

6 INVESTMENT PROPERTY

Opening net book value (NBV)	95,135	105,705
Additions (at cost)	-	-
Disposals (at NBV)	-	-
Depreciation charge	(9,513)	(10,571)
	85,621	**95,135**
Annual rate of depreciation (%)	**10**	**10**

7 LONG TERM INVESTMENT
At fair value through other comprehensive income

Investment in shares of Pakistan Stock Exchange Limited	14,055,522	21,353,582
Shares transferred to short term investment	(14,055,522)	-
	-	21,353,582
Loss on remeasurement of investment at fair value - through other comprehensive income	-	(7,298,060)
Market value 7.1	-	**14,055,522**

7.1 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.

7.2 On August 2019, 1,081,194 ordinary shares of Pakistan Stock Exchange Limited (PSX) previously marked as freezed by the Central Depository Company of Pakistan Limited (CDC) were un-freezed 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.

	Notes	Rupees 2020	Rupees 2019
8 LONG TERM ADVANCES & DEPOSITS			
Pakistan Stock Exchange Limited		200,000	200,000
National Clearing Company of Pakistan Limited		1,200,000	1,200,000
Central Depository Company of Pakistan Limited		100,000	100,000
Advance against office at Pakistan Mercantile Exchange Limited		9,100,000	9,100,000
Pakistan Mercantile Exchange Limited		750,000	750,000
Advance against plot		3,500,000	3,500,000
		14,850,000	**14,850,000**
9 TRADE RECEIVABLES			
Considered good		240,830,072	307,350,092
Considered doubtful		-	-
		240,830,072	**307,350,092**
Allowance for expected credit losses	9.1	**(18,305,909)**	**(10,163,007)**
		222,524,163	**297,187,085**
From clearing house		3,210,890	3,645,990
		225,735,053	**300,833,075**
9.1 Allowance for expected credit loss			
Opening balance		10,163,007	-
Allowance for expected credit loss		8,142,902	10,163,007
Closing balance	9.1.1	**18,305,909**	**10,163,007**

The Company measured loss allowance for trade receivables at an amount equal to unsecured balance

9.1.1 Aging analysis			
Upto 90 days		81,437,370	104,869,332
More than 90 but upto 180 days		85,387,419	39,319,858
More than 180 but upto 360 days		7,689,406	152,997,901
More than 360 days		66,315,877	10,163,007
		240,830,072	**307,350,092**

9.2 Due from related parties which are not impaired and their maximum amount outstanding at any time during the year calculated with reference to month end balances are as follows:

Name of related party	Amount due		Maximum amount outstanding at any time during the year	
	2020	2019	2020	2019
	----------Rupees----------			
Mohammad Rafiq	5,985,935	9,994,009	17,466,128	77,615,760
Muhammad Yahya	3,962	2,426	3,962	2,426
	5,989,897	**9,996,434**	**17,470,090**	**77,618,186**

9.2.1 Aging analysis - related party

Name of related party	1 - 60 days	61 - 90 days	91 - 360 days	More than 360	Total gross
	----------Rupees----------				
Mohammad Rafiq	5,387,191	598,744	-	-	**5,985,935**
Muhammad Yahya	157	77	1,303	2,426	**3,962**
	5,387,348	**598,820**	**1,303**	**2,426**	**5,989,897**

9.3	Total value of securities pertaining to clients held in the Central Depository Company	**1,082,566,616**	**578,677,988**
9.4	Value of pledge securities of clients with National Clearing Company of Pakistan Limited	**108,153,785**	**65,287,265**
9.5	Value of pledge securities of clients with Financial institutions	**198,907,201**	**221,435,216**

9.6 *The securities are valued using market rate at the year end*

10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance to staff		47,500	100,500
Advance payment of tax		1,849,900	1,604,998
Other receivables		4,787	280,564
Exposure deposit	10.1	1,961,364	15,000,000
		3,863,550	**16,986,062**

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

R.T. SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

		Rupees 2020	Rupees 2019
11 SHORT TERM INVESTMENT			
Investments at fair values through profit & loss			
Listed equity securities		46,422,937	99,220,271
Unrealised gain / (loss) on remeasurement of investment at fair value - through profit or loss		11,843,781	(47,082,287)
Market value	11.1	**58,266,718**	**52,137,984**
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	11.2	**10,703,821**	-

11.1 ***Investments at fair values through profit & loss***

30 June 2020	June 30, 2019	Symbol	Name of Investee	30 June 2020	June 30, 2019
Number of shares				*Market value in rupees*	
-	10,000	AKZO	AKZO NOBEL PAKISTAN LIMITED	-	1,000,500
5,000	355,000	ANL	AZGARD NINE LIMITED	79,350	3,415,100
2,500	2,500	BNWM	BANNU WOOLLEN MILLS LIMITED	81,750	85,000
202,500	162,000	CLOV	CLOVER PAKISTAN LIMITED	19,253,700	13,042,620
81,500	81,500	CRTM	THE CRESENT TEXTILE MILLS LIMITED	1,696,830	1,773,440
300,000	300,000	DSL	DOST STEELS LIMITED	915,000	1,032,000
9,500	9,500	DYNO	DYNEA PAKISTAN LIMITED	1,024,290	664,905
14,500	14,500	FLYNG	FLYING CEMENT CO LIMITED	131,225	196,620
71,808	59,840	GTYR	THE GENERAL TYRE & RUBBER CO LIMITED	4,272,576	3,082,358
51,742	10,312	HASCOL	HASCOL PETROLEUM LIMITED	703,691	707,609
5,500	-	HINOON	HINOON LABORATORIES LIMITED	2,757,040	-
50,600	46,000	INIL	INTERNATIONAL INDUSTRIES LIMITED	4,641,538	3,545,220
8,000	8,000	ISL	INTERNATIONAL STEELS LIMITED	413,200	317,680
12,500	12,500	PCAL	PAKISTAN CABLES LIMITED	1,336,125	1,756,500
23,000	23,000	PKGS	PACKAGES LIMITED	7,985,830	6,912,880
1,500	1,500	PRL	PAKISTAN REFINERY LIMITED	17,115	24,240
521,759	521,759	PSX	PAKISTAN STOCK EXCHANGE LIMITED	5,165,414	6,782,867
316,500	316,500	SSGC	SUI SOUTHERN GAS COMPANY LIMITED	4,222,110	6,545,220
126,112	76,112	TRG	TRG PAKISTAN LIMITED	3,561,403	1,245,192
402	350	WAVES	WAVES SINGER PAKISTAN LIMITED	8,530	8,033
1,804,923	**2,010,873**			**58,266,718**	**52,137,984**

11.2 ***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	-
1,081,194	**-**			**10,703,821**	**-**

11.3 Shares having market value of **Rs. 48,326,921/-** (2019: **36,814,289/-**) are pledged as security with commercial banks, PSX and NCCPL for the purpose of borrowings, base minimum capital and exposure requirements.

	Notes	Rupees 2020	Rupees 2019
12 CASH AND BANK BALANCES			
Cash in hand		126,088	108,333
Cash at bank - current accounts	12.1	19,528,039	7,582,419
		19,654,127	**7,690,752**

12.1 ***Bank balance pertains to:***

Clients	19,355,302	6,820,751
Brokerage House	172,737	761,668
	19,528,039	**7,582,419**

13 ISSUED, SUBSCRIBED & PAID-UP-CAPITAL

Ordinary Shares of Rs. 10 /- each

2020	2019			
3,780,000	3,780,000	Ordinary shares of Rs. 10 each fully paid in cash	37,800,000	37,800,000
2,000,000	2,000,000	Ordinary shares of Rs. 10 each issued for consideration other than in cash.	20,000,000	20,000,000
5,780,000	**5,780,000**		**57,800,000**	**57,800,000**

13.1 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.

13.2 Pattern of shareholding

Pattern of shareholding has been disclosed in note 30 of these financial statements.

	Notes	Rupees 2020	Rupees 2019
14 LONG TERM LOAN			
From related parties	14.1	100,000,000	100,000,000
		100,000,000	**100,000,000**

14.1 This represents unsecured, interest free subordinated loan, obtained from relatives of the sponsor of the Company which is repayable after two years.

15 SHORT TERM BORROWINGS - SECURED			
Short term running finance	15.1	134,375,921	186,265,042
		134,375,921	**186,265,042**

15.1 The Company has obtained running financing facility amounting to Rs 350 million (2019: 350 million) from a commercial bank. The limit is valid upto September 30, 2020 and the facility is secured by way of pledge of marketable securities as per financiers approved list of shares and personal guarantees of Directors together with equitable and token mortgage of property. These facilities carry mark up ranging from 1 month KIBOR plus 200 basis points payable quarterly.

16 ACCRUED EXPENSES & OTHER LIABILITIES		
Short term loans	-	9,000,000
Accrued expenses	7,034,856	859,398
Mark up payable on short term running finance	4,387,364	7,897,707
Other liabilities	609,205	7,570,957
	12,031,425	**25,328,062**

17 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at the year end. (2019: Nil)

18 OPERATING REVENUE			
Brokerage commission including sales tax on services	18.1	10,539,108	11,854,753
Less: Sales tax on services		(1,219,506)	(1,369,421)
Net brokerage commission excluding sales tax on services		**9,319,602**	**10,485,332**
Dividend income		709,554	1,445,694
		10,029,156	**11,931,026**

18.1 Brokerage Income - net of sales tax

Equity brokerage		
- Institutional customers	1,139,275	677,675
- Retail clients	8,180,327	9,807,657
	9,319,602	**10,485,332**

R.T. SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

	Notes	Rupees 2020	Rupees 2019
19 ADMINISTRATIVE EXPENSES			
Salaries and other benefits		4,257,137	3,766,418
Director remuneration	19.1	1,000,000	797,334
Staff welfare		-	284,420
Rent, rates and taxes		8,800	23,600
Fees and subscriptions		465,296	564,356
Service and transaction charges		335,919	688,641
Postage and courier		4,880	8,650
Travelling & conveyance		33,150	26,964
Printing and stationery		74,176	90,708
Electricity		422,388	447,950
Communication expense		184,958	152,603
Entertainment		67,566	107,158
Legal and professional charges		56,000	66,000
Auditors' remuneration	19.2	245,600	215,000
Amortisation		64,964	86,618
Depreciation		186,993	236,868
Repair and maintenance		64,400	158,325
Allowance for expected credit loss		8,142,902	10,163,007
Security expense		649,000	668,800
Other expenses		82,792	122,722
Computer, I.T. and software		740,199	893,093
		17,087,120	**19,569,235**

19.1 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	2020			2019		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
Managerial remuneration	-	1,000,000		-	797,334	-
Company's contribution to the Provident Fund	-	-		-	-	-
Fees	-	-		-	-	-
Bonus	-	-		-	-	-
Housing and utilities	-	-		-	-	-
	-	**1,000,000**		-	**797,334**	-
Number of persons (including those who worked part of the year)	**1**	**1**		**1**	**1**	

19.2 Auditors' remuneration

Audit services		
Annual audit fee	120,000	120,000
Certifications	125,600	95,000
	245,600	**215,000**
Non-audit services		
Other services	-	-
	-	-
	245,600	**215,000**

20 FINANCE COSTS		
Markup on short term running finance	23,934,808	31,246,307
Bank charges	314,170	107,552
	24,248,978	**31,353,858**

	Notes	Rupees 2020	Rupees 2019
21 OTHER INCOME			
From financial assets			
Profit on exposure deposit		1,192,642	2,251,518
		1,192,642	**2,251,518**
From non-financial assets			
Recoveries		-	478,975
Rental income		815,000	750,000
Miscellaneous		8,525	1,446
		823,525	**1,230,421**
		2,016,167	**3,481,939**
22 TAXATION			
Current		453,326	608,276
Prior		(217,422)	127,924
		235,904	**736,200**
22.1 Relationship between income tax expense and accounting profit			
Loss before taxation		**(17,498,015)**	**(85,376,997)**
Tax at the applicable tax rate of 29% (2019 : 29%)		(5,074,424)	(24,759,329)
Tax effect of income taxed at lower tax rates		114,133	421,417
Tax effect of non deductible expenses		2,969,633	5,809,005
Tax effect of exempt income		-	(391,500)
Tax effect of minimum tax		5,878,681	5,874,820
Tax effect of prior years		(217,422)	127,924
Others		(3,434,696)	13,653,863
		235,904	**736,200**

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 Loss earnings per share			
Loss after taxation		(17,733,919)	(86,113,197)
Number of shares issued up to the end of the year		5,780,000	5,780,000
		(3.07)	**(14.90)**

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		(134,375,921)	(186,265,042)
Cash & bank balances		19,654,127	7,690,752
		(114,721,795)	**(178,574,290)**

25 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

25.1 Financial Instruments by category

25.1.1 Financial Assets

	2020			
	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
Long term investments	-	-	-	-
Long term loans, advances & deposits	-	-	14,850,000	**14,850,000**
Short term investments	58,266,718	10,703,821	-	**68,970,538**
Trade debts - unsecured	-	-	225,735,053	**225,735,053**
Short term deposits, advances & other receivables	-	-	3,863,550	**3,863,550**
Cash and bank balances	-	-	19,654,127	**19,654,127**
	58,266,718	**10,703,821**	**264,102,730**	**333,073,269**

	2019			
	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
Long term investments	-	14,055,522	-	**14,055,522**
Long term loans, advances & deposits	-		14,850,000	**14,850,000**
Short term investments	52,137,984	-	-	**52,137,984**
Trade debts - unsecured	-	-	300,833,075	**300,833,075**
Short term deposits, advances & other receivables	-	-	16,986,062	**16,986,062**
Cash and bank balances	-	-	7,690,752	**7,690,752**
	52,137,984	**14,055,522**	**340,359,889**	**406,553,395**

25.1.2 Financial Liabilities

	2020		
	Amortised cost	At fair value through profit or loss	Total
Short term running finance	134,375,921	-	134,375,921
Trade payables	19,336,714	-	19,336,714
Accrued expenses & other liabilities	12,031,425	-	12,031,425
	165,744,060	-	**165,744,060**

	2019		
	Amortised cost	At fair value through profit or loss	Total
Short term running finance	186,265,042	-	186,265,042
Trade payables	6,797,419	-	6,797,419
Accrued expenses & other liabilities	25,328,062	-	25,328,062
	218,390,523	-	**218,390,523**

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. 1,343,759/-** 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. The company is exposed to interest rate risk.

(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. 6,897,054/-** 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 comments 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						
Short term running finance	134,375,921	134,375,921	134,375,921	-	-	-
Trade payables	19,336,714	19,336,714	19,336,714	-	-	-
Accrued expenses & other liabilities	12,031,425	12,031,425	12,031,425	-		
	165,744,060	**165,744,060**	**165,744,060**	-	-	-

	2019					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
Financial liabilities						
Short term running finance	186,265,042	186,265,042	186,265,042	-		
Trade payables	6,797,419	6,797,419	6,797,419	-	-	-
Accrued expenses & other liabilities	25,328,062	25,328,062	25,328,062	-	-	-
	218,390,523	**218,390,523**	**218,390,523**	-	-	-

26.3 Credit risk

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. 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 follows:

	Rupees 2020	Rupees 2019
Long term Investments	-	14,055,522
Long term loans, advances & deposits	14,850,000	14,850,000
Short term investments	68,970,538	52,137,984
Trade debts - unsecured	225,735,053	300,833,075
Short term deposits, advances & other receivables	3,863,550	16,986,062
Cash and bank balances	19,654,127	7,690,752
	333,073,269	**406,553,395**

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.

Bank balances

The analysis below summarizes the credit quality of the Company's bank balance:

	Rupees 2020	Rupees 2019
AAA	-	-
A1+	19,528,039	7,582,419
BBB -	-	-
	19,528,039	**7,582,419**

26.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processess, 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 suc 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).

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

	2020			
	Level 1	Level 2	Level 3	Total
At fair value through profit and loss				
Listed securities	68,970,538	-	-	68,970,538
	68,970,538	-	-	**68,970,538**

	2019			
	Level 1	Level 2	Level 3	Total
At fair value through profit and loss				
Listed securities	52,137,984	-	-	52,137,984
	52,137,984	-	-	**52,137,984**
At fair value - through other comprehensive income				
Investment in shares of Pakistan Stock Exchange Limited	14,055,522	-	-	14,055,522
	14,055,522	-	-	**14,055,522**

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.

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 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:

Transactions for the year

Name and relation with related party	Percentage shareholding	Nature of Transaction	2020	2019
Muhammad Ali Sponsor's relative	-	Short term loan repaid	(9,000,000)	(31,000,000)
		Long term loan received	-	15,000,000
Tumbi (Private) Limited Associate company	-	Short term advances paid	7,500,000	
		Brokerage commission earned	838,275	641,725
Amber Yahya Shareholder	37.28%	Brokerage commission earned	75,311	204,696
Sara Yahya Sponsor's relative	-	Short term loan paid	-	(4,500,000)
Mohammad Rafiq Shareholder	7.35%	Brokerage commission earned	204,700	216,085
		Long term loan received	-	10,000,000
Mahmood Rafi Khan Director	0.0017%	Brokerage commission earned	2,225	244,910
Nausheen Rafiq Sponsor's relative	-	Long term loan received	-	10,000,000

Balances at year end

Name and relation with related party	Percentage shareholding	Nature of Transaction	2020	2019
Nausheen Rafiq Sponsor' relative	-	Long term loan	50,000,000	50,000,000
Muhammad Ali Sponsor' relative	-	Long term loan	40,000,000	40,000,000
Muhammad Rafiq Shareholder	7.351%	Long term loan	10,000,000	10,000,000
		Receivable against trading	5,985,935	9,994,009
Muhammad Ali Sponsor' relative	-	Short term loan	-	9,000,000
Tumbi (Private) Limited Associated company	-	Short term advances	-	7,500,000
		Receivable/ payable against trading	239,061	38,745
Muhammad Yahya Shareholder	55.36%	Receivable against trading	3,962	2,426
Amber Yahya Shareholder	37.28%	Payable against trading	322,696	230,883
Mahmood Rafi Khan Director	0.0017%	Payable / receivable against trading	44,953	1,577,764

R.T. SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

29 NUMBER OF EMPLOYEES

	2020	2019
Total employees of the Company at the year end	7	8
Average employees of the Company during the year	8	8

30 PATTERN OF SHAREHOLDING

Name of shareholders	2020	2019	2020	2019
	Number of Shares		Percentage of Holding	
Aamir Ali Khan	100	100	0.002%	0.002%
Mahmood Rafi Khan	100	100	0.002%	0.002%
Muhammad Rafiq	424,900	424,900	7.351%	7.351%
Muhammad Yahya	3,200,000	3,200,000	55.363%	55.363%
Amber Yahya	2,154,900	2,154,900	37.282%	37.282%
	5,780,000	**5,780,000**	**100%**	**100%**

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

31 CAPITAL ADEQUACY LEVEL

		June 30, 2020
Total Assets		336,878,132
Less: Total Liabilities		(265,744,060)
Less: Revaluation Reserves (Created upon revaluation of Fixed Assets)		-
Capital Adequacy Level	31.1	71,134,072

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.

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. 103,124,429/-**. 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. 83,639,110/-**. 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 03 OCT 2020

35 GENERAL

35.1 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.

35.2 Figures have been rounded off to the nearest rupee.

Chief Executive

Director

R.T. SECURITIES (PRIVATE) LIMITED
Statement of Net Capital Balance (Annexure I)
As at June 30, 2020

DESCRIPTION	VALUATION BASIS	Note	Sub Total (Rupees)	Total
Current Assets				
Bank balances and cash deposit	As per book value	2		21,615,491
Trade Receivables	Book Value	3	240,830,072	
	Less: Overdue for more than fourteen days		228,671,255	
			12,158,817	
	Receivable from clearing house		3,210,890	15,369,707
Investments in listed securities in the name of broker	Securities on the exposure list marked to market less 15% discount	4	41,262,753 6,189,413	35,073,340
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		196,809,951
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			-
TOTAL ASSETS				268,868,489
Current Liabilities				
Trade payables	Book Value		19,336,714	
	Less: Overdue for more than 30 days	6	7,416,064	11,920,650
Other liabilities	As classified under the generally accepted accounting principles	7		153,823,410
				165,744,060
NET CAPITAL BALANCE				103,124,429

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

R.T. 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	**126,087.77**
Bank balance pertaining to:	
Brokerage house	
Habib Metropolitan Bank Limited	172,272
Summit Bank Limited	465
	172,737
Clients	
JS Bank Limited	**19,355,302**
Deposits against exposure	
Ready market	-
Future market	1,961,364
MTS exposure margin	-
	1,961,364
Total Cash and Bank Balances	**21,615,491**

3 TRADE RECEIVABLES

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

R.T. SECURITIES (PRIVATE) LIMITED
Notes to the Statement of Net Capital Balance

4 INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

These includes tradeable 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 running finance	
JS Bank Limited	**134,375,921**
Overdue for more than 30 days	7,416,064
Accrued expenses	7,034,856
Mark up payable on short term running finance	4,387,364
Other liabilities	609,205
	19,447,489
Total	**153,823,410**

R.T. 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
1.1	Property & Equipment	859,972	(859,972)	-
1.2	Intangible Assets	2,944,891	(2,944,891)	-
1.3	Investment in Govt. Securi es (150,000*99)			
1.4	**Investment in Debt. Securi es**			
	If listed than:			
	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.			
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	If unlisted than:			
	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.			
1.5	**Investment in Equity Securi es**			
	i. If listed 15% or VaR of each securi es on the cuto date as computed by the Securi es Exchange for respec ve securi es whichever is higher.	41,262,753	(8,770,954)	32,491,799
	ii. If unlisted, 100% of carrying value.	-	-	-
	iii.Subscrip on money against investment in IPO/o er for Sale: Amount paid as subscrip on money provided that shares have not been alloted or are not included in the investments of securi es broker.	-	-	-
	iv.100% Haircut shall be applied to Value of investment in any asset including shares of listed securi es that are in Block, Freeze or Pledge status as on repor ng date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securi es which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term nancing arrangements. In such cases, the haircut as provided in schedule III of the Regula ons in respect of investment in securi es shall be applicable (August 25, 2017)	-	-	-
1.6	Investment in subsidiaries			
1.7	**Investment in associated companies/undertaking**			
	i. If listed 20% or VaR of each securi es as computed by the Securities Exchange for respec ve securi es 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 en ty.	2,250,000	(2,250,000)	-
1.9	Margin deposits with exchange and clearing house.	1,961,364	-	1,961,364
1.10	Deposit with authorized intermediary against borrowed securi es under SLB.	14,449,900	(14,449,900)	
1.11	Other deposits and prepayments	-	-	-
1.12	Accrued interest, pro t or mark-up on amounts placed with nancial ins tu ons or debt securi es etc.(Nil)			
	100% in respect of markup accrued on loans to directors, subsidiaries and other related par es	-		
1.13	Dividends receivables.			
1.14	Amounts receivable against Repo nancing. Amount paid as purchaser under the REPO agreement. (Securi es 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	47,500	-	47,500
	ii. Receivables other than trade receivables	4,787	(4,787)	-
1.16	**Receivables from clearing house or securi es exchange(s)**			
	100% value of claims other than those on account of en tlements against trading of securi es in all markets including MtM gains.	3,210,890		3,210,890
	claims on account of en tlements against trading of securi es in all markets including MtM gains.	-	-	-
1.17	**Receivables from customers**			
	i. In case receivables are against margin nancing, the aggregate if (i) value of securi es held in the blocked account a er applying VAR based Haircut, (ii) cash deposited as collateral by the nancee (iii) market value of any securi es deposited as collateral a er applying VaR based haircut. *i. Lower of net balance sheet value or value determined through adjustments.*	-	-	-
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount a er deduc ng haircut	-	-	-
	iii. Incase receivables are against securi es borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. Net amount a er deduc ng haricut			
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value	5,144,588	-	5,144,588

	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securi es purchased for customers and held in sub-accounts a er applying VAR based haircuts, (ii) cash deposited as collateral by the respec ve customer and (iii) the market value of securi es held as collateral a er applying VaR based haircuts. *v. Lower of net balance sheet value or value determined through adjustments*	235,685,484	201,279,791	201,279,791
	vi. 100% haircut in the case of amount receivable form related parties.	-		
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	172,737	-	172,737
	ii. Bank balance-customer accounts	19,355,302	-	19,355,302
	iii. Cash in hand	126,088	-	126,088
	Total cash and bank balances	**19,654,127**		**19,654,127**
1	**Total Assets**	**327,476,256**		**263,790,059**

2. Liabili es

	Trade Payables			
2.1	i. Payable to exchanges and clearing house	-		-
	ii. Payable against leveraged market products			
	iii. Payable to customers	19,336,714	-	19,336,714
	Current Liabili es			
	i. Statutory and regulatory dues			
	ii. Accruals and other payables	12,031,425	-	12,031,425
	iii. Short-term borrowings	134,375,921		134,375,921
	iv. Current por on of subordinated loans			
2.2	v. Current por on of long term liabili es			
	vi. Deferred Liabili es	-		-
	vii. Provision for bad debts			
	viii. Provision for taxa on			
	ix. Other liabili es as per accoun ng principles and included in the nancial statements	-		-
	Non-Current Liabili es			
	i. Long-Term nancing			
	a. Long-Term nancing obtained from nancial ins tu on: Long term por on of nancing obtained from a nancial ins tu on including amount due against nance lease			
	b. Other long-term nancing			
	ii. Sta re rement bene ts	-	-	-
2.3	**iii. Advance against shares for Increase in Capital of Securi es broker:** 100% haircut may be allowed in respect of advance against shares if: a. The exis ng authorized share capital allows the proposed enhanced share capital b. Boad 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 rela ng to the increase in paid up capital have been completed. e. Auditor is sa s ed that such advance is against the increase of capital.			
	iv. Other liabili es as per accoun ng principles and included in the nancial statements			
	Subordinated Loans			
2.4	i. 100% of Subordinated loans which ful l the condi ons speci ed by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which ful l the condi ons speci ed by SECP. In this regard, following condi ons are speci ed: a. Loan agreement must be executed on stamp paper and must clearly re ect the amount to be repaid a er 12 months of repor ng period b. No haircut will be allowed against short term por on 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 submi ed to exchange.	100,000,000	(100,000,000)	-
	ii. Subordinated loans which do not ful l the condi ons speci ed by SECP			
2	**Total Liabilites**	**265,744,060**		**165,744,060**

3. Ranking Liabili es Rela ng to :

	Concentra on in Margin Financing			
3.1	The amount calculated client-to- client basis by which any amount receivable from any of the nancees exceed 10% of the aggregate of amounts receivable from total nancees.	-	-	-
	Concentra on in securities lending and borrowing			
3.2	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 securi es pledged as margins exceed the 110% of the market value of shares borrowed			
	Net underwri ng Commitments			

3.3	(a) In the case of right issue : If the market value of securites is less than or equal to the subscrip on price; the aggregate of: (i) the 50% of Haircut mul plied by the underwri ng commitments and (ii) the value by which the underwri ng commitments exceeds the market price of the securi es. In the case of rights issuse where the market price of secun es is greater than the subscrip on price, 5% of the Haircut mul plied by the net underwri ng			
	(b) In any other case : 12.5% of the net underwri ng commitments			
3.4	Nega ve equity of subsidiary			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabili es of the subsidiary			
3.5	Foreign exchange agreements and foreign currency posi ons			
	5% of the net posi on in foreign currency.Net posi on in foreign currency means the di erence of total assets denominated in foreign cuurency less total liabili es denominated in foreign currency			
3.6	Amount Payable under REPO			
3.7	Repo adjustment			
	In the case of nancier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securites. In the case of nancee/seller the market value of underlying securi es a er applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser a er applying haircut less any cash deposited by the purchaser.			
3.8	Concentrated proprietary posi ons			
	If the market value of any security is between 25% and 51% of the total proprietary posi ons then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary posi on,then 10% of the value of such security	962,685		962,685
3.9	Opening Posi ons in futures and op ons			
	i. In case of customer posi ons, the total margin requirements in respect of open pos ons less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securi es exchange a er applyiong VaR haircuts	19,660,424	13,444,204	13,444,204
	ii. In case of proprietary posi ons , the total margin requirements in respect of open posi ons to the extent not already met	-	-	-
3.10	Short sell posi ons			
	i. Incase of customer posi ons, the market value of shares sold short in ready market on behalf of customers a er increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securi es held as collateral a er applying VAR based Haircuts			
	ii. Incase of proprietory posi ons, the market value of shares sold short in ready market and not yet se led increased by the amount of VAR based haircut less the value of securi es pledged as collateral a er applying haircuts.			
3	Total Ranking Liabilites	20,623,109	13,444,204.00	14,406,889
	Liquid Capital	41,109,087	-	83,639,110