

SUMMIT CAPITAL (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SUMMIT CAPITAL (PRIVATE) LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **SUMMIT CAPITAL (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at **December 31, 2019**, and the profit and loss account, statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, statement of comprehensive income, the statement of changes in equity and the cash flow statement 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 December 31, 2019 and of the loss, 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 misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

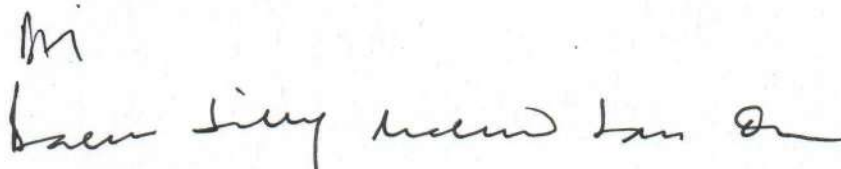
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Mehmood A. Razzak**.

A handwritten signature in black ink, appearing to read "Mehmood A. Razzak".

Karachi
Date: 19 FEB 2020

SUMMIT CAPITAL (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	2019	2018
	----- (Rupees in '000) -----	
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	6 37,185	39,961
Intangible assets	7 4,470	4,506
Long term advances	8 2,500	2,500
Long term investment	9 31,650	33,397
Investment property	10 18,881	19,267
Long term deposits	11 6,167	3,267
Deferred tax asset - net	12 6,231	5,836
	107,084	108,734
CURRENT ASSETS		
Debtors	13 52,178	70,204
Short term loans	14 626	926
Short term deposits, prepayments and other receivables	15 58,188	70,903
Advance tax - net	32,251	30,720
Cash and bank balances	16 97,258	113,239
	240,501	285,992
	<u>347,585</u>	<u>394,726</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
50,000,000 Ordinary shares of Rs.10 each	<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up share capital	17 300,000	300,000
Unrealized gain on revaluation of investment	15,339	17,086
Accumulated loss	(60,773)	(25,971)
	254,566	291,115
CURRENT LIABILITIES		
Creditors and other payables	18 93,019	103,562
Accrued interest	-	49
	93,019	103,611
	<u>347,585</u>	<u>394,726</u>
CONTINGENCIES AND COMMITMENTS		
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The annexed notes from 1 to 35 form an integral part of these financial statements.

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Rohat Sen

Chief Executive Officer



Director

SUMMIT CAPITAL (PRIVATE) LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Equity brokerage commission	20,835	30,537
Money market and forex brokerage commission	34,330	34,522
Commodity commission	2,179	2,179
Gain on sale of securities - net	-	3,716
Dividend income	1,403	1,112
Other income	10,216	7,640
	68,963	79,706
Operating and administrative expenses	(99,661)	(97,786)
Financial charges	(163)	(117)
	(99,824)	(97,903)
(Loss) before taxation	(30,861)	(18,197)
Taxtion		
- Current	(5,676)	(4,646)
- Prior	(157)	-
- Deferred	395	471
	(5,438)	(4,175)
(Loss) after taxation	(36,299)	(22,372)
(Loss) per share - basic and diluted	(1.21)	(0.75)

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

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Rohat Sen

Chief Executive Officer

Director

SUMMIT CAPITAL (PRIVATE) LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019 ----- (Rupees in '000) -----	2018 -----
(Loss) after taxation		(36,299)	(22,372)
<u>Other comprehensive income - net</u>			
Items that will not to be reclassified to profit and loss account in subsequent periods			
Actuarial gain on defined benefit plan	18.3.4	1,497	580
Items that may be reclassified to profit and loss account in subsequent periods			
Unrealized gain on revaluation of investment		15,339	17,086
Total comprehensive (loss) for the year		<u>(19,463)</u>	<u>(4,706)</u>

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

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Rahat Saeed

Chief Executive Officer

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Director

SUMMIT CAPITAL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

	Issued, subscribed and paid-up capital	Unrealized gain on revaluation of investments	Accumulated Loss	Total
	----- (Rupees in '000) -----			
Balance as at January 01, 2018	300,000	31,240	(4,179)	327,061
(Loss) for the year	-	-	(22,372)	(22,372)
Other Comprehensive Income / (loss)				
Actuarial gain on defined benefit plan	-	-	580	580
Unrealized (loss) on revaluation of investment	-	(14,154)	-	(14,154)
Total comprehensive loss for the year	-	(14,154)	(21,792)	(35,946)
Balance as at December 31, 2018	300,000	17,086	(25,971)	291,115
(Loss) for the year	-	-	(36,299)	(36,299)
Other Comprehensive Income / (loss)				
Actuarial gain on defined benefit plan	-	-	1,497	1,497
Unrealized (loss) on revaluation of investment	-	(1,747)	-	(1,747)
Total comprehensive (loss) for the year	-	(1,747)	(34,802)	(36,549)
Balance as at December 31, 2019	300,000	15,339	(60,773)	254,566

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

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Rahat S. S.

Chief Executive Officer


Director

SUMMIT CAPITAL (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019

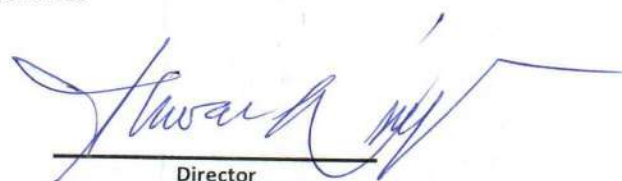
	Note	2019 ----- (Rupees in '000) -----	2018 ----- (Rupees in '000) -----
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) before taxation		(30,861)	(18,197)
Adjustments for non-cash items:			
Depreciation	6 & 10	3,251	3,819
Amortization	7	36	52
Provision for leave encashment	18.2.1	(174)	409
Provision for staff retirement gratuity	18.3.4	1,269	1,183
Interest income on staff loan		(65)	(88)
Gain on sale of securities - net		-	(3,716)
Dividend income		(1,403)	(1,112)
Provision against doubtful debts		(408)	(564)
Financial charges	23	163	117
		2,669	100
(Increase) / decrease in assets			
Debtors		18,434	(17,941)
Short-term loans		300	(152)
Short-term deposits, prepayments and other receivables		12,715	9,925
Long term deposits		(2,900)	1,971
		28,549	(6,197)
(Decrease) / increase in liabilities			
Creditors and other payables		(10,222)	25,396
Cash (used in) / generated from operations		(9,865)	1,102
Compensated absences paid	18.2.1	(147)	(233)
Income tax paid		(7,363)	(11,477)
Financial charges paid		(212)	(3,007)
Gratuity paid	18.3.4	228	(603)
Interest received on staff loan		65	88
Net cash (used in) operating activities		(17,294)	(14,130)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of short term investments		-	(59,528)
Sale of short term investments		-	63,244
Purchase of property and equipment		(89)	(550)
Dividend received		1,403	1,112
Net cash generated from investing activities		1,314	4,278
CASH FLOWS FROM FINANCING ACTIVITIES			
Running finance availed		-	52,168
Running finance repaid		-	(52,168)
Net cash generated from financing activities		-	-
Net decrease in cash and cash equivalents		(15,980)	(9,852)
Cash and cash equivalents at beginning of the year		113,239	123,091
Cash and cash equivalents at the end of the year	16	97,258	113,239

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

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Rahat Saeed

Chief Executive Officer



Director

SUMMIT CAPITAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. THE COMPANY AND ITS OPERATIONS

Summit Capital (Private) Limited (the Company) is a private limited company, incorporated in Pakistan on March 08, 2006 under the Companies Ordinance, 1984. The Company is a corporate member / TREC holder of Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited. The principal activities of the Company are equity brokerage, money market brokerage, interbank foreign exchange brokerage, commodity brokerage and research. The registered office of the Company is situated at 701-702, 7th Floor, Business and Finance Centre, opposite State Bank of Pakistan, I.I. Chundrigar Road, Karachi. The Company is a wholly owned subsidiary of Summit Bank Limited.

2. 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.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for long term investments which are carried at fair value through other comprehensive income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

4.1 Standards, interpretations and amendments applicable to financial statements

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

a) Standards, interpretations and amendments to approved accounting standards which became effective during the year

The Company has adopted the following accounting standards and the amendments and interpretation of IFRSs which become effective for the current year:

i. IFRS - 15 "Revenue from Contracts with Customers"

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

There is no material impact on the financial statements including accounting policies of the Company of adopting IFRS 15 - Revenue from Contracts with Customers.

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ii. IFRS - 9 "Financial Instruments"

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

Gap analysis has been conducted to consider the effect on the financial statements. However, there is no material impact on the financial statements of the Company of adopting IFRS 9 - Financial Instruments.

iii. IFRS - 16 "Leases"

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an arrangement contain a leases, SIC-15, Operating leases- Incentive, and SIC-27, Evaluating the substance of transaction involving the legal form of a lease. IFRS 16 introduces an on balance sheet lease accounting model for long term operating leases (Short-term leases and leases where the underlying assets are of low value continue to be treated as off-balance sheet operating leases). A lessee recognizes a right-to-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Company has adopted IFRS 16 from January 1, 2019, however the application of above standard does not have any impact on the company's Financial Reporting and, therefore, have not been presented in these Financial Statement.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

		<u>Effective date (annual reporting periods beginning on or after)</u>
IAS 1	Presentation of financial statements (Amendments)	January 1, 2020
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2020
IFRS 3	Business combinations (Amendments)	January 1, 2020

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements

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4.2 Property and Equipment

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of fixed assets when that cost is incurred. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Depreciation is charged to profit and loss account over the useful life of the asset on a systematic basis applying the reducing balance method at the rates specified in note 6 to the financial statements.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount. Depreciation is charged from the month of purchase and no depreciation is charged from the month of disposal.

An item of fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

The assets' residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Gains and losses on disposals, if any, of assets are included in profit and loss account.

4.3 Intangible assets

These are stated at cost less accumulated amortization and impairment, if any. Amortization is charged over the useful life of the asset on a systematic basis to profit and loss account applying the reducing balance method at the rate specified in note 7 to the financial statements. Amortization is charged from the month of purchase and no amortization is charged from the month of disposal.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount.

Intangible assets with indefinite useful lives are not amortized. Instead they are tested for impairment at each balance sheet date whether these are in excess of their recoverable amounts, and where the carrying amount exceeds the estimated recoverable amount, the carrying amount is written down to the estimated recoverable amount.

Cost associated with maintaining assets are recognized as an expense in the period in which these are incurred.

Gains and losses on disposals of assets, if any, are included in profit and loss account.

4.4 Investment property

Property held for long-term rental yield, or for capital appreciation or both is classified as investment property.

This is stated at cost less accumulated depreciation and impairment, if any. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Depreciation is charged to profit and loss account over the useful life of the asset on a systematic basis applying the reducing balance method at the rates specified in note 10 to the financial statements.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount.

An item of investment property is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

The assets' residual values, useful lives and methods are reviewed and adjusted, if appropriate, at each financial year end.

Gains and losses on disposals of assets, if any, are included in profit and loss account.

4.5 Trade debtors and other receivables

Trade debtors and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts. A provision for impairment in trade debtors 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.

4.6 Financial assets

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments.

Initial Measurement

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

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

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

Subsequent Measurement

i. Equity Instruments 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.

ii. 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 profit or loss.

iii. Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

iv. De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

4.7 Financial liabilities

Financial liabilities are classified as 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.

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4.8 Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognized on the trade date, i.e. the date on which commitment to purchase / sale is made by the Company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

4.9 Creditors and other payables

Creditors and other payables are carried at cost which is the fair value of the consideration to be paid.

4.10 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

4.11 Revenue recognition

- Brokerage, commission, consultancy and advisory fee are recognized as such services are rendered.
- Income from placements is recognized on time proportion basis.
- Fee on distribution of open end units is recognized as such services are rendered.
- Gain / (loss) on the sale of investment is included in profit and loss account in the period in which they arise.
- Mark-up income on government securities, return on bank deposits and balances and other revenues are recognized on accrual basis.
- Dividend income on equity investments is recognized when the right to receive the same is established.

4.12 Taxation

Current

Provision for taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any, in accordance with Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognized as an adjustment to surplus / deficit arising on revaluation.

4.13 Staff retirement benefits

Defined contribution plan

The Company operates a contributory provident fund for all its permanent employees and contributions are made monthly in accordance with the fund rules.

Defined benefit plan

The Company has a staff gratuity fund for management employees as described in note 18.3. Provision is made annually in accordance with actuarial recommendations using the Projected Unit Credit method.

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Actuarial gains or losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense).

4.14 Employee compensated absences

Employee entitlements to annual leaves are recognized when they accrue to employees. A provision is made for the estimated liability for annual leaves as a result of services rendered by employees up to the balance sheet date.

4.15 Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances.

4.16 Provisions

Provisions are recognized when the Company has the 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.

4.17 Fiduciary assets

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

4.18 Earnings per share

Earnings per share is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares, outstanding during the period.

5. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the 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 revision and future periods if the revision affects both current and future periods. The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

	<u>Note</u>
- Provision for doubtful debts	4.5 & 13
- Classification of investments	4.6
- Useful lives of assets and methods of depreciation/amortisation	4.2, 4.3, 4.4, 6 & 7
- Deferred taxation	4.12 & 12
- Defined benefit plan	4.13 & 18.3

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6. PROPERTY AND EQUIPMENT

	Stock exchange rooms	Leasehold improvements	Furniture and fittings	Motor vehicles	Office equipment	Computer equipment	Electrical equipment	Total
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(Rupees in '000)

Year ended December 31, 2018

Opening net book value	24,200	428	503	10,546	1,423	1,651	2,333	41,084
Additions	-	-	100	1,794	20	389	-	2,303
Disposals	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Depreciation charge	-	(43)	(59)	(2,349)	(144)	(598)	(233)	(3,426)
Closing net book value	24,200	385	544	9,991	1,299	1,442	2,100	39,961

As at December 31, 2018

Cost	24,200	1,240	1,638	22,223	4,308	16,804	6,307	76,720
Accumulated depreciation	-	(855)	(1,094)	(12,232)	(3,009)	(15,362)	(4,207)	(36,759)
Net book Value	24,200	385	544	9,991	1,299	1,442	2,100	39,961

Year ended December 31, 2019

Opening net book value	24,200	385	544	9,991	1,299	1,442	2,100	39,961
Additions	-	-	-	-	-	-	89	89
Depreciation charge	-	(39)	(54)	(1,998)	(129)	(433)	(212)	(2,865)
Closing net book value	24,200	346	490	7,993	1,170	1,009	1,977	37,185

As at December 31, 2019

Cost	24,200	1,240	1,638	22,223	4,308	16,804	6,396	76,809
Accumulated depreciation	-	(894)	(1,148)	(14,230)	(3,138)	(15,795)	(4,419)	(39,624)
Net book Value	24,200	346	490	7,993	1,170	1,009	1,977	37,185

Rate of depreciation

	10%	10%	10%	20%	10%	30%	10%	
--	-----	-----	-----	-----	-----	-----	-----	--

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7. INTANGIBLE ASSETS

As at December 31, 2017

Cost
Accumulated amortization

Net book Value

Year ended December 31, 2018

Opening net book value
Additions

Disposals

Cost
Accumulated amortization

Amortization charge

Closing net book value

As at December 31, 2018

Cost
Accumulated amortization

Net book Value

Year ended December 31, 2019

Opening net book value
Additions
Amortization charge

Closing net book value

As at December 31, 2019

Cost
Accumulated amortization

Net book Value

Rate of depreciation

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	Computer software	Trading Rights Entitlement Certificate (TREC)	Total
----- (Rupees in '000) -----			
As at December 31, 2017			
Cost	5,359	4,386	9,745
Accumulated amortization	(5,187)	-	(5,187)
Net book Value	172	4,386	4,558
Year ended December 31, 2018			
Opening net book value	172	4,386	4,558
Additions	-	-	-
Disposals			
Cost	-	-	-
Accumulated amortization	-	-	-
Amortization charge	(52)	-	(52)
Closing net book value	120	4,386	4,506
As at December 31, 2018			
Cost	5,359	4,386	9,745
Accumulated amortization	(5,239)	-	(5,239)
Net book Value	120	4,386	4,506
Year ended December 31, 2019			
Opening net book value	120	4,386	4,506
Additions	-	-	-
Amortization charge	(36)	-	(36)
Closing net book value	84	4,386	4,470
As at December 31, 2019			
Cost	5,359	4,386	9,745
Accumulated amortization	(5,275)	-	(5,275)
Net book Value	84	4,386	4,470
Rate of depreciation	30%	-	

			2019	2018
		Note	----- (Rupees in '000) -----	
8. LONG TERM ADVANCES				
Considered good - unsecured				
Advance for office premises in Pakistan Mercantile Exchange Limited			2,500	2,500
			<u>2,500</u>	<u>2,500</u>
9. LONG TERM INVESTMENT				
	Number of shares			
	<u>2019</u>	<u>2018</u>		
	1,602,953	1,602,953	20,005	21,752
	843,975	843,975	6,344	6,344
	3,034,603	3,034,603	5,301	5,301
		Pakistan Stock Exchange Limited		
		LSE Financial Services Limited		
		ISE Towers REIT Management Company Limited		
			<u>31,650</u>	<u>33,397</u>
10. INVESTMENT PROPERTY				
			Residential	Total
			premises	
			----- (Rupees in '000) -----	
As at December 31, 2017				
Cost			23,500	23,500
Accumulated amortization			(3,840)	(3,840)
Net book Value			<u>19,660</u>	<u>19,660</u>
Year ended December 31, 2018				
Opening net book value			19,660	19,660
Additions			-	-
Depreciation charge			(393)	(393)
Closing net book value			<u>19,267</u>	<u>19,267</u>
As at December 31, 2018				
Cost			23,500	23,500
Accumulated amortization			(4,233)	(4,233)
Net book Value			<u>19,267</u>	<u>19,267</u>
Year ended December 31, 2019				
Opening net book value			19,267	19,267
Additions			-	-
Depreciation charge			(386)	(386)
Closing net book value			<u>18,881</u>	<u>18,881</u>
As at December 31, 2019				
Cost			23,500	23,500
Accumulated amortization			(4,619)	(4,619)
Net book Value			<u>18,881</u>	<u>18,881</u>
Rate of depreciation			<u>2%</u>	

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10.1 The investment property represents six flats located at Bhurban Heights, Bhurban. The fair value of above property was Rs. 23.852 million as on December 31, 2019, determined as a result of a valuation carried out by M/s. Smasco - an independent firm of professional valuers. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, year of construction and present physical condition and location.

11. LONG TERM DEPOSITS	Note	2019 ----- (Rupees in '000) -----	2018
Considered good			
Central Depository Company of Pakistan Limited		175	175
National Clearing Company of Pakistan Limited		1,400	1,500
Pakistan Mercantile Exchange Limited		4,550	1,550
Pakistan Telecommunication Company Limited		42	42
		<u>6,167</u>	<u>3,267</u>
12. DEFERRED TAX ASSET - NET			
Deductible temporary differences arising on:			
Provision for staff compensated absences		1,231	647
Minimum tax		553	773
Alternative corporate tax		4,512	4,512
Taxable temporary differences arising on:			
Accelerated depreciation for tax purposes		(65)	(96)
		<u>6,231</u>	<u>5,836</u>
13. DEBTORS			
Considered good			
Due from clients in respect of securities transactions - secured		18,387	38,875
Commission receivable - unsecured		8,352	6,477
	13.1	26,739	45,352
Considered doubtful			
Due from clients in respect of securities transactions - secured	13.2	25,439	24,852
Due from clients in respect of securities transactions - unsecured		63,140	63,548
		88,579	88,400
		<u>115,318</u>	<u>133,752</u>
Less: Provision for doubtful debts	13.3	(63,140)	(63,548)
		<u>52,178</u>	<u>70,204</u>
13.1 Includes Rs. 0.127 (2018: Rs. 0.184) million due from the holding company.			
13.2 These are secured against collateral having fair market value amounting to Rs. 31.413 (2018: Rs. 31.116) million.			
13.3 Movement in provision for doubtful debts			
		2019 ----- (Rupees in '000) -----	2018
Opening balance		63,548	64,112
(Reversal) / charge during the year		(408)	(564)
Closing balance		<u>63,140</u>	<u>63,548</u>

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	2019	2018
	----- (Rupees in '000) -----	
13.4 Aging analysis of equity trade debtors		
Amount due from customers for more than 5 days	91,464	91,075
Less: provision for doubtful debts	(63,140)	(63,548)
Balance after provision for doubtful debts more than 5 days	<u>28,324</u>	<u>27,527</u>
Value of collateral after applying haircut on the basis of VAR	<u>22,060</u>	<u>27,300</u>

14. SHORT TERM LOANS

Staff loans - unsecured

- Executives	40	570
- Employees	586	356
	<u>626</u>	<u>926</u>

14.1 These represent personal loans to employees under the terms of employment. These loans carry mark-up at the rate of 8% per annum. The maximum aggregate balance outstanding at the end of any month during the year from executives amounted to Rs. 0.433 (2018: Rs. 0.922) million.

		2019	2018
		----- (Rupees in '000) -----	
15. SHORT TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note		
Exposure deposits	15.1	58,088	70,803
Prepayments		100	100
		<u>58,188</u>	<u>70,903</u>

15.1 This represents exposure deposit held with the Pakistan Stock Exchange Limited in respect of PSX Future Market amounting to Rs. 3.09 (2018: Rs. 10.80) million and PSX Regular Market amounting to Rs. 55 (2018: Rs. 60) million.

		2019	2018
		----- (Rupees in '000) -----	
16. CASH AND BANK BALANCES	Note		
Cash in hand		5	16
Cash with banks:			
- Current accounts	16.1	76,392	67,654
- PLS savings accounts	16.2	20,861	45,569
		<u>97,258</u>	<u>113,239</u>

16.1 Includes accounts amounting to Rs. 60.175 (2018: Rs. 56.370) million maintained with the holding company.

16.2 This carries profit at rate of 10.00% to 13.25% (2018: 6.00% to 10%) per annum and includes aggregate balance of Rs. 20.316 (2018: Rs. 45.556) million maintained with the holding company.

16.3 Details of customer assets held in designated bank accounts and Central Depository Company (CDC) are as follow:

		2019	2018
		----- (Rupees in '000) -----	
16.3.1 Customer Assets			
Bank Account balance - Clients		<u>60,174</u>	<u>56,361</u>

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		2019	2018
		----- Number of Securities -----	
16.3.2	Customer Assets - Securities		
	Securities held in the name of Clients'	<u>152,696,264</u>	<u>152,698,095</u>
	Securities held in the name of Company	<u>5,573,238</u>	<u>5,598,238</u>

		Note	2019	2018
			----- (Rupees in '000) -----	
16.3.3	Pledged Securities (Value)			
	Pledged with PSX on behalf of Company (for Base Minimum Capital)		38,786	38,786
	Total value of pledged securities		<u>38,786</u>	<u>38,786</u>

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2019	2018	
	-----Number of Shares -----		
	<u>30,000,000</u>	<u>30,000,000</u>	Ordinary shares of Rs.10 each issued for consideration other than cash
			<u>300,000</u> <u>300,000</u>

18. CREDITORS AND OTHER PAYABLES

Due to clients in respect of securities transactions		60,174	56,361
Payable against purchase of securities		14,577	36,135
Deposit from employees against vehicles	18.1	1,634	1,391
Accrued liabilities	18.2	16,413	9,560
Others		221	115
Payable against defined benefit plan - Gratuity	18.3	-	-
		<u>93,019</u>	<u>103,562</u>

18.1 These represent vehicle deposits from executives under Company's policy.

18.2 This includes provision for staff compensated absences amounting to Rs. 4.336 (2018: Rs. 4.657) million.

		2019	2018
		----- (Rupees in '000) -----	
18.2.1	Provision for staff compensated absences		
	Opening balance	4,657	4,481
	(Reversal) / charge for the year	(174)	409
	Encashment during the year	(147)	(233)
	Closing balance	<u>4,336</u>	<u>4,657</u>

18.3 Gratuity payable - defined benefit plan

18.3.1 General description

The Company has a gratuity fund that has been recognized by the Income Tax Authorities under Part III of Sixth Schedule to the Income Tax Ordinance, 2001 on November 03, 2007. The trust deed for the fund has been duly executed on July 12, 2007.

The cost of providing benefits under gratuity fund is determined using the Projected Unit Credit method, with actuarial valuation being carried out as at balance sheet date. The latest valuation was carried out as at December 31, 2019.

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18.3.2	Principal actuarial assumptions	2019	2018
		----- % per annum -----	
	The following principal assumptions were used for the valuation:		
	Estimated rate of increase in salary of the employees	13.00	10.75
	Expected rate of return on plan assets	13.00	10.75
	Discount rate	13.00	10.75

18.3.3	Reconciliation of payable to / (receivable from) defined benefit plan	2019	2018
		----- (Rupees in '000) -----	
	Present value of defined benefit obligation	12,479	11,372
	Fair value of plan assets	(12,479)	(11,372)
	Asset / liability recognized in balance sheet	-	-

18.3.4	Movement in net liability recognized		
	Opening net (asset) / liability	-	-
	Expense recognized	1,269	1,183
	Other comprehensive income (OCI)	(1,497)	(580)
	Contributions paid to the fund during the year	228	(603)
	Closing net (asset) / liability	-	-

18.3.5	Expense recognized in the profit and loss account		
	Current service cost	1,257	1,211
	Net interest	12	(28)
		<u>1,269</u>	<u>1,183</u>

18.3.6 Sensitivity analysis on significant actuarial assumptions

Change in assumption	Impact on present value of DBO	
	Increase in assumption	Decrease in assumption
	----- (Rupees in '000) -----	
Discount Rate ± 1 %	11.184	13.989
Salary Increase Rate ± 1 %	14.036	11.124
Withdrawal rate ± 1 %	12.465	12.494
1 year mortality age set Back/Forward	12.477	12.482

19. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2019 and December 31, 2018.

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	Note	2019 ----- (Rupees in '000) -----	2018
20. EQUITY BROKERAGE COMMISSION			
Retail customers trades		12,696	17,515
Institutional trades		8,139	13,022
Total Trades		20,835	30,537
21. OTHER INCOME			
Income from financial assets			
Profit on bank accounts		2,773	2,037
Profit on cash margins		5,755	3,602
Mark-up on loans and outstanding balance		65	88
Others		-	64
Income from non financial assets			
Rental income		1,596	1,451
Commission		27	398
		10,216	7,640
22. OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and benefits	22.1	64,543	62,729
PSX, NCCPL and CDC charges		5,731	6,100
Depreciation	6 & 10	3,252	3,819
Amortization	7	36	52
Stamps and fee		63	63
Telephone, fax and postage		5,385	5,059
Rent, rates and taxes		3,716	3,499
Fees and subscription		721	764
Vehicles running		2,929	2,619
Repairs and maintenance		2,292	2,207
Utilities		3,159	3,188
Printing and stationery		797	499
Travelling and conveyance		516	481
Legal and professional		1,415	605
Entertainment		1,496	1,737
Auditors' remuneration	22.2	1,009	1,386
Insurance		2,655	2,982
Provision for doubtful debts		(409)	(564)
Others		355	561
		99,661	97,786

22.1 This includes an amount of Rs. 2.816 (2018: Rs.2.938) million in respect of employees provident fund contribution and Rs.1.269 (2018: Rs.1.183) million in respect of staff gratuity fund.

	2019 ----- (Rupees in '000) -----	2018
22.2 Auditors' Remuneration		
Audit fee	383	348
Sales tax on services	118	107
Other certifications	476	901
Out of pocket expenses	32	30
	1,009	1,386

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23. FINANCIAL CHARGES	2019	2018
	----- (Rupees in '000) -----	
Markup on:		
- Running finance	-	50
Bank charges	163	67
	<u>163</u>	<u>117</u>

24. TAXATION

This represents normal tax on turnover and on income chargeable under Minimum Tax and Final Tax Regime (FTR), therefore, no numerical tax reconciliation is reported.

According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

Provision for taxation	Tax year	Provision for taxation	Tax assessed
		----- (Rupees in '000) -----	
December 31, 2018	2019	4,646	4,803
December 31, 2017	2018	18,145	18,145
December 31, 2016	2017	7,564	7,564

25. LOSS PER SHARE - basic and diluted

		2019	2018
		----- (Rupees in '000) -----	
(Loss) after taxation	Rupees	(36,299,000)	(22,372,000)
Weighted average number of shares	Number of shares	30,000,000	30,000,000
Loss per share -basic and diluted	Rupee	<u>(1.21)</u>	<u>(0.75)</u>

26. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	2019		2018	
	Chief Executive	Executives	Chief Executive	Executives
----- (Rupees in '000) -----				
Managerial remuneration	2,839	9,226	2,839	9,226
Housing and utilities	1,562	5,074	1,562	5,074
Medical	40	190	40	190
Retirement benefits	284	923	284	923
Commission	-	855	-	2,003
Others	747	2,765	700	2,582
	<u>5,472</u>	<u>19,033</u>	<u>5,425</u>	<u>19,998</u>
Number of persons	1	6	1	6

26.1 In addition to the above, Chief Executive and Executives have been provided with free use of Company maintained vehicles under the service contracts.

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27. RELATED PARTY TRANSACTIONS

The related parties comprise holding company, related group companies, staff retirement funds, directors and key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

	Note	2019 ----- (Rupees in '000) -----	2018
Holding Company - Summit Bank Limited			
Equity brokerage income		226	1,404
Money market and forex brokerage income		173	1,125
Profit on bank accounts		2,768	1,783
Financial charges paid		123	31
Running finance availed	27.2	-	52,168
Running finance paid		-	(52,168)
Rent paid		3,116	2,899
Shares purchased from holding company		-	40,347
Shares sold to holding company		-	(40,398)
Generator fuel re-imburement		102	314
Others related parties			
Equity and commodity brokerage income - Directors, key management personnel		19	189
Contribution paid to Gratuity Fund		1,269	1,183
Contribution paid to Provident Fund		2,816	2,939

- 27.1 The outstanding balances with related parties are disclosed in their respective notes to the financial statements.
- 27.2 The Company has availed short term running finance limit of Rs. 400 million from its holding company which is secured against first charge over present and future receivables.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk (comprising interest rate risk currency risk and equity price risk). The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

28.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company's portfolio of financial instruments is broadly diversified thereby mitigating any significant concentration of credit risk.

The Company is exposed to credit risk on long term deposits, trade debtors, short term loans, short term deposits and other receivables and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

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	Note	2019 ----- (Rupees in '000) -----	2018
Long term deposits		6,167	3,267
Debtors		52,178	70,204
Short term loans		626	926
Short term deposits and other receivables	28.1.1	58,088	70,803
Bank balances	28.1.2	97,253	113,223
		<u>214,312</u>	<u>258,423</u>

28.1.1 Short term deposits and other receivables

It comprises mainly of exposure deposit kept with NCCPL amounting to Rs. 58.088 million (2018: Rs. 70.803 million).

28.1.2 Bank balances

The credit risk related to bank balances is managed through ensuring that such balances are held and kept with reputed banks with good credit ratings. The credit rating of major banks where the Company maintain its bank balances is as AAA, AA+, BBB-, AA+&AA+, AA-, A+&A, A1+, A-3, A-1+&A-1+, A-1&A-1 on the short term and the long term.

28.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates.

	2019					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	----- Rupees -----					
Creditors and other payables	93,019	93,019	93,019	-	-	-
	<u>93,019</u>	<u>93,019</u>	<u>93,019</u>	-	-	-
	2018					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	----- Rupees -----					
Creditors and other payables	103,562	103,562	103,562	-	-	-
Accrued interest	49	49	49	-	-	-
2018	<u>103,611</u>	<u>103,611</u>	<u>103,611</u>	-	-	-

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28.3 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. Market price risks comprises of interest rate risk, currency risk and equity price risk.

28.3.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed to the risk of changes in market interest rates.

28.3.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company has no financial assets or liabilities denominated in foreign currency as of year end that are exposed to foreign currency exchange rate fluctuations.

28.3.3 Foreign Currency risk

The company has no financial assets or liabilities denominated in foreign currency as of year end that are exposed to foreign currency exchange rate fluctuations.

28.3.4 Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company does not hold any short-term investments as of December 31, 2019.

28.4 Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the 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, return capital to shareholders or issue new shares.

28.5 Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximates their fair value.

28.6 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1:** quoted prices in active markets for identical assets.
- Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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	2019			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Equity securities	20,005	-	-	20,005
	-	-	-	20,005

	2018			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Equity securities	21,752	-	-	21,752
	-	-	-	21,752

29. Pattern of shareholdings with percentage

	Percentage	2019	2018
		----- Number of Shares -----	
Summit Bank Limited	100%	29,999,996	29,999,996
Syed Mohammad Anwar Lutfullah	0%	1	1
Rahat Saeed Khan	0%	1	1
Muzammil Hussain	0%	1	-
Irfan Saleem Awan	0%	1	-
Noor Muhammad	0%	-	1
Aziz Morris	0%	-	1
Total	100%	30,000,000	30,000,000

29.1 The company's is a wholly owned subsidiary of Summit Bank Limited. Mr. Noor Muhammad resigned from the Board of Directors on March 1, 2019, Mr. Muzammil Hussain was appointed as a Director on March 5, 2019. Mr. Aziz Morris resigned from the Board of Directors on April 22, 2019, Mr. Irfan Saleem Awan was appointed as a Director on April 22, 2019.

30. Disclosure under regulation 5(4) of Research Analyst Regulations, 2015

At present, SCPL employs 4 members in its research department (including head of research, two research analyst and a librarian). All members report to Head of Research who in turn reports to CEO. Compensation structure of research analysts is flat and is subject to qualification, experience and skillset of the person. However, the compensation of anyone employed in the research department does not in any way depend on the contents/outcome of research report. During the year ended December 31, 2019, the personnel employed in the Research Department have drawn an aggregate salary and benefits amounting to Rs. 5,240,680 which comprises basic salary, medical allowance, provident fund and other benefits as per Company's policy.

31. CAPITAL ADEQUACY LEVEL	Note	2019	2018
		----- (Rupees in '000) -----	
Total assets	31.1	345,699	392,840
Less: Total liabilities		(93,019)	(103,611)
Revaluation Reserves (created upon revaluation of fixed assets)		-	-
Capital Adequacy Level		252,680	289,229

31.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by the Summit Capital (Private) Limited as at year ended December 31, 2019 as determined by Pakistan Stock Exchange has been considered.

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32. COMPUTATION OF NET CAPITAL BALANCE

2019
----- (Rupees in '000) -----

32.1 CASH IN HAND AND BANK BALANCES

32.1.1	Cash deposited as margins with Stock Exchange and National Clearing Company of Pakistan Limited		58,088
32.1.2	Clients' Bank Account Balance		
	a) Bank balance(s) pertaining to brokerage house	37,079	
	b) Bank balance(s) pertaining to clients	60,174	
	c) Total bank balances		97,253
32.1.3	Cash in hand		5

32.2 TRADE RECEIVABLES

32.2.1	Aging and break up of Trade Receivables		
	Aging of trade receivables		
	i) Total receivables	44,078	
	ii) Outstanding for more than 14 days	(28,267)	
			15,810

32.3 RECEIVABLE FROM NCCPL

-

32.4 INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKERAGE HOUSE

32.4.1	Securities on exposure list	-	
	Less: 15% Discount	-	
			-

32.5 SECURITIES PURCHASED FOR CLIENT

15,685

32.6 PIBS

-

TOTAL ASSETS

186,840

CURRENT LIABILITIES

32.7 TRADE PAYABLES

Trade payables within 30 days	20,911
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32.8 OTHER PAYABLES

32.8.1	Accrued and other liabilities	32,845	
32.8.2	Trade payables more than 30 days	39,262	
			72,107

TOTAL LIABILITIES

93,018

NET CAPITAL BALANCE

93,822

32.9 This represents the requirement of PSX notice no. PSX/N-1470 dated November 15, 2019, where the security broker shall disclose.

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33. NUMBER OF EMPLOYEES

The number of employees as at December 31, 2019 were 54 (December 31, 2018: 58) and average number of employees are 56 (December 31, 2018: 62).

34. DATE OF AUTHORISATION

These financial statements were authorized for issue in the Board of Directors meeting held on 19 FEB 2020.

35. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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Rahat S...

Chief Executive Officer

Shauq...

Director

About Baker Tilly

Baker Tilly is a full-service accounting and advisory firm that offers industry specialised services in assurance, tax and advisory.

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Baker Tilly Mehmood Idrees Qamar, Chartered Accountants trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.



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