INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

DIRECTORS' REPORT

The Directors take pleasure in presenting their report together with the audited financial statement of the Company for the year June 30, 2019. The working results of the company for the said financial year are given as under:

Financial Results:	**Rupees**
Operating revenue	9,567,007
Operating expenses	(39,922,417)
Operating profit	**(30,355,410)**
Other charges	-
Other income	6,582,407
Profit before taxation	**(23,773,002)**
Taxation	(560,487)
Loss after taxation	**(24,333,489)**

Review of Business

During the year under review the stock market performance was negative and income declined due low turnover.

Dividend:

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

Future Prospects:

The Directors expect future profitability to be increased due to expected strengthening of market in next year after economic revival post IMF programme.

Loss per Share

Loss per share for the year ended 30th June 2019 was Rs. **(1.22)**

Auditors:
The auditors of the company Nasir Javaid Maqsood Imran Chartered Accountants have retired and offer their services for the ensuing year.

Karachi:
Dated:

Director **Chief Executive**

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	Rupees 2019	Rupees 2018
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	**4**	**1,807,519**	**2,045,249**
Intangible assets	**5**	**2,500,000**	**2,500,000**
Long term investment *at fair value through other comprehensive income*	**6**	**14,055,522**	**21,353,582**
Long term advances & deposits	**7**	**3,606,000**	**1,606,000**
		21,969,041	**27,504,831**
CURRENT ASSETS			
Short term investment	**8**	**6,782,867**	**10,304,740**
Trade receivables	**9**	**19,005,001**	**35,491,472**
Advances, deposits, pre-payments & other receivables	**10**	**58,310,102**	**63,339,429**
Cash & bank balances	**11**	**3,901,856**	**26,964,951**
		87,999,826	**136,100,592**
TOTAL ASSETS		**109,968,867**	**163,605,423**
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
30,000,000 (2018: 30,000,000) ordinary shares of Rs. 10/- each		**300,000,000**	**300,000,000**
Issued, subscribed and paid-up capital	**12**	**200,004,000**	**200,004,000**
Reserves		**(93,837,672)**	**(62,206,124)**
		106,166,328	**137,797,876**
LIABILITIES			
CURRENT LIABILITIES			
Trade payables		**3,444,643**	**25,125,449**
Accrued expenses & other liabilities	**13**	**357,897**	**682,098**
		3,802,540	**25,807,546**
CONTINGENCIES AND COMMITMENTS	**14**	**-**	**-**
TOTAL EQUITY AND LIABILITIES		**109,968,867**	**163,605,423**

The annexed notes from 1 to 29 form an integral part of these financial statements.

Chief Executive **Director**

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	Rupees 2019	Rupees 2018
REVENUE			
Operating revenue	**15**	**13,088,880**	**12,993,929**
Capital loss on sale of securities		**(15)**	**-**
Unrealised gain on remeasurement of investment at fair value - through profit or loss		**(3,521,859)**	**5,087,150**
		9,567,007	**18,081,079**
Administrative expenses	**16**	**(39,912,342)**	**(17,144,647)**
Finance cost	**17**	**(10,075)**	**(11,895)**
		(39,922,417)	**(17,156,542)**
Operating (loss) / profit		**(30,355,410)**	**924,538**
Other income	**18**	**6,582,407**	**4,054,748**
(Loss) / profit before taxation		**(23,773,002)**	**4,979,285**
Taxation	**19**	**(560,487)**	**(5,221,730)**
Loss after taxation		**(24,333,489)**	**(242,445)**
Loss per share - basic and diluted	**20**	**(1.22)**	**(0.01)**

The annexed notes from 1 to 29 form an integral part of these financial statements.

Chief Executive **Director**

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	Rupees 2019	Rupees 2018
Loss after taxation		**(24,333,489)**	**(242,445)**
<u>Other comprehensive income</u>			
Loss on remeasurement of investment at fair value - through other comprehensive income		**(7,298,060)**	**(14,592,661)**
Total comprehensive loss for the year		**(31,631,549)**	**(14,835,106)**

The annexed notes from 1 to 29 form an integral part of these financial statements.

Chief Executive **Director**

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	Rupees 2019	Rupees 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		**(23,773,002)**	**4,979,285**
Add / (less) : Items not involved in movement of fund:			
Depreciation		340,130	388,478
Capital loss on sale of securities		15	-
Unrealised gain on remeasurement of investment at fair value - through profit or loss		3,521,859	(5,087,150)
Finance costs		10,075	11,895
		3,872,078	(4,686,777)
Cash (used in) / generated from operating activities before working capital changes		**(19,900,924)**	**292,508**
Net change in working capital	**(a)**	2,236,628	(3,859,459)
		(17,664,296)	**(3,566,950)**
Finance costs paid		(10,075)	(11,895)
Taxes paid		(3,286,325)	(5,838,474)
Net cash used in operating activities		**(20,960,696)**	**(9,417,319)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(102,400)	(790,400)
Long term advances & deposits		(2,000,000)	15,828,716
Net cash (used in) / generated from investing activities		**(2,102,400)**	**15,038,316**
Net (decrease) / increase in cash and cash equivalents		**(23,063,096)**	**5,620,997**
Cash and cash equivalent at beginning of the year		26,964,951	21,343,954
Cash and cash equivalent at end of the year	**11**	**3,901,856**	**26,964,951**

(a) Statement of change in working capital

	Rupees 2019	Rupees 2018
(Increase) / decrease in current assets		
Trade receivables	16,486,471	(12,440,452)
Short term investments	-	-
Advances, deposits, pre-payments & other receivables	7,755,164	7,872,727
	24,241,635	**(4,567,725)**
Increase / (decrease) in current liabilities		
Trade payables	(21,680,806)	6,785,944
Accrued expenses & other liabilities	(324,201)	(6,077,678)
	(22,005,007)	**708,266**
Net change in working capital	**2,236,628**	**(3,859,459)**

The annexed notes from 1 to 29 form an integral part of these financial statements.

Chief Executive **Director**

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

		Reserves			
	Issued, subscribed & paid up capital	**Unappropriated 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, 2017	**200,004,000**	**(72,505,321)**	**25,134,303**	**(47,371,018)**	**152,632,982**
				-	-
Loss for the year	-	(242,445)	-	**(242,445)**	**(242,445)**
					-
Transfer to statement of profit or loss on account of disposal of investment - At fair value - through comprehensive income	-	-	(8,181,181)	**(8,181,181)**	**(8,181,181)**
Loss on remeasurement of investment - At fair value - through other comprehensive income	-	-	(6,411,480)	**(6,411,480)**	**(6,411,480)**
Balance as at June 30, 2018	**200,004,000**	**(72,747,766)**	**10,541,642**	**(62,206,124)**	**137,797,876**
Loss for the year	-	(24,333,489)	-	(24,333,489)	**(24,333,489)**
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	**200,004,000**	**(97,081,255)**	**3,243,583**	**(93,837,672)**	**106,166,328**

The annexed notes from 1 to 29 form an integral part of these financial statements.

Chief Executive **Director**

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Investment Managers Securities (Private) Limited is a private limited company incorporated under the Companies Ordinance, 1984 on August 31, 2006. The registered office situated at Suite # 308, 3rd Floor, Continental Trade Centre, Block-8, Clifton, Karachi. 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.

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 interpretations that are mandatory for accounting periods beginning 01 July, 2018 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 01 July, 2019.

- Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 January 2019). For a debt instrument to be eligible for measurement at amortized cost of FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortized cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have material impact on Company's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transaction Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability represneting its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. Management is not expecting any impact of the standard on Company's financial reporting.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments are not likely to have an impact on Company's financial statements.

- 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 01 January 2020). The IASB has issued amendments aiming to resolve the difficuties 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 transaction in the future and therefore would not have an impact on past financial statements.

- Amendment 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 01 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 Standard. 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.

- On 29 March 2018, the International Acconting 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 assits 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 arystalize. 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 01 January 2020, unless the new guidance contains specific scope outs.

Annual improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increase its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale. The above improvements to standards are not likely to have material / significant impact on Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the significant accounting policies consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

3.1 Changes in significant accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.1.1 IFRS 15 'Revenue from Constracts 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.

The adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the financial statements of the Company as Brokerage Commission from Customers is recognized on origination of invoice to Customers when the related services are rendered.

3.1.2 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, Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting polices are set out below.

i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

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

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL.

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured amortized cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured amortized cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 30 June 2018 and 01 July 2017.

As at 30 June 2018	*Original classification under IAS 39*	*New Classification under IFRS 9*	*Original Carrying Amount Rupees*	*New Carrying Amount Rupees*
Long term investment	Available for sale	At fair value - through other comprehensive - income	**21,353,582**	**21,353,582**
Short term investment - Other Equity investment	Held for trading	At fair value - through profit or loss	**10,304,740**	**10,304,740**
Long term deposits	Loans and receivables	Amortized cost	**1,606,000**	**1,606,000**
Trade receivables	Loans and receivables	Amortized cost	**35,491,472**	**35,491,472**
Advances to staff	Loans and receivables	Amortized cost	**68,640**	**68,640**
Exposure deposit	Loans and receivables	Amortized cost	**47,110,000**	**47,110,000**
Other receivables and advances	Loans and receivables	Amortized cost	**100,000**	**100,000**
Cash and bank balances	Loans and receivables	Amortized cost	**26,964,951**	**26,964,951**
Total			142,999,385	142,999,385

As at 01 July 2017	*Original classification under IAS 39*	*New Classification under IFRS 9*	*Original Carrying Amount Rupees*	*New Carrying Amount Rupees*
Long term investment	Available for sale	At fair value - through other comprehensive - income	**41,163,833**	**41,163,833**
Short term investment - Other Equity investment	Held for trading	At fair value - through profit or loss	**-**	**-**
Long term deposits	Loans and receivables	Amortized cost	**17,434,716**	**17,434,716**
Trade receivables	Loans and receivables	Amortized cost	**23,051,020**	**23,051,020**
Advances to staff	Loans and receivables	Amortized cost	**154,000**	**154,000**
Exposure deposit	Loans and receivables	Amortized cost	**28,410,000**	**28,410,000**
Other receivables	Loans and receivables	Amortized cost	**26,587,368**	**26,587,368**
Cash and bank balances	Loans and receivables	Amortized cost	**21,343,954**	**21,343,954**
Total			158,144,891	158,144,891

ii) Impairment

IFRS 9 replaces the 'incurrred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, raither than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies for financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instrument.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL, on adoption of IFRS 9.

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.

Depreciation is charged when asset is available for use until asset is disposed off.

3.3 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using reducing balance method over assets estimated useful life, after taking into accounts residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

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.

Amortization is charged from the month in which the related asset is available for use while no amortization is charged for the month in which such asset is disposed off.

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 Pakistan Stock Exchange (PSX) are classified as "At Fair Value - through Other Comprehensive Income" 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. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Investment in Listed Shares 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. Net gains and losses, including any interest / markup or dividend income, 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

The tax expense for the year comprises current and deferred tax. Tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, 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 recognized using balance sheet liability method, providing for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit 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
- Income from bank deposits, reverse repo and margin deposits is recognized at effective yield on time
- 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 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

3.23 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and conditions as third party transactions using valuation models, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

4 PROPERTY AND EQUIPMENT

	Office equipments	Computer equipments	Furniture & fixtures	Total
	(Rupees)	*(Rupees)*	*(Rupees)*	*(Rupees)*
Net carrying value basis				
Year ended June 30, 2019				
Opening net book value (NBV)	378,927	109,287	1,557,034	**2,045,249**
Additions (at cost)	91,800	10,600	-	**102,400**
Disposals (at NBV)	-	-	-	**-**
Depreciation charge	(70,609)	(35,966)	(233,555)	**(340,130)**
Closing net book value (NBV)	**400,118**	**83,921**	**1,323,479**	**1,807,519**
Gross carrying value basis				
As at June 30, 2019				
Cost	1,098,100	1,102,306	3,311,875	**5,512,281**
Accumulated depreciation	(697,982)	(1,018,385)	(1,988,396)	**(3,704,763)**
Net book value (NBV)	**400,118**	**83,921**	**1,323,479**	**1,807,519**
Net carrying value basis				
Year ended June 30, 2018				
Opening net book value (NBV)	345,896	120,625	1,176,805	**1,643,327**
Additions (at cost)	99,900	35,500	655,000	**790,400**
Disposals (at NBV)	-	-	-	**-**
Depreciation charge	(66,869)	(46,838)	(274,771)	**(388,478)**
Closing net book value (NBV)	**378,927**	**109,287**	**1,557,034**	**2,045,249**
Gross carrying value basis				
As at June 30, 2018				
Cost	1,006,300	1,091,706	3,311,875	**5,409,881**
Accumulated depreciation	(627,373)	(982,419)	(1,754,841)	**(3,364,633)**
Net book value (NBV)	**378,927**	**109,287**	**1,557,034**	**2,045,249**
Depreciation rates (%)	**15**	**30**	**15**	

	Notes	Rupees 2019	Rupees 2018

5 INTANGIBLE ASSET

	Notes	Rupees 2019	Rupees 2018
Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited	**5.1**	**2,500,000**	**2,500,000**

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 (The Act). The Company has also received shares of PSX after completion of the demutualization process.

6 LONG TERM INVESTMENT
Quoted
At fair value through other comprehensive income

	Notes	Rupees 2019	Rupees 2018
Investment in shares of Pakistan Stock Exchange Limited		21,353,582	41,163,833
Transfer to short term investment		-	(13,398,771)
		21,353,582	**27,765,062**
Loss on remeasurement of investment at fair value - through other comprehensive income		(7,298,060)	(6,411,480)
	6.1	**14,055,522**	**21,353,582**

6.1 This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Company in pursuance of the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. Due to restriction on sale, 1,081,194 shares has been classified as long term investments.

7 LONG TERM DEPOSITS

	Rupees 2019	Rupees 2018
Pakistan Stock Exchange Limited	300,000	300,000
National Clearing Company of Pakistan Limited	1,200,000	1,200,000
Central Depository Company of Pakistan Limited	100,000	100,000
Other deposits	6,000	6,000
Base minimum Capital	2,000,000	-
	3,606,000	**1,606,000**

8 SHORT TERM INVESTMENT
Investments at fair values through profit & loss

	Notes	Rupees 2019	Rupees 2018
Listed equity securities		10,304,726	5,217,590
Unrealised (loss) / gain on remeasurement of investment at fair value - through profit or loss		(3,521,859)	5,087,150
Market value	**8.1**	**6,782,867**	**10,304,740**

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

	Notes	Rupees 2019	Rupees 2018

8.1

30 June 2019	June 30, 2018			30 June 2019	June 30, 2018
Number of shares				*Market value in rupees*	
521,759	521,759	PSX	PAKISTAN STOCK EXCHANGE	6,782,867	10,304,740
521,759	**521,759**			**6,782,867**	**10,304,740**

9 TRADE RECEIVABLES

	Notes	Rupees 2019	Rupees 2018
Considered good		33,004,124	18,685,308
Considered doubtful		-	-
		33,004,124	**18,685,308**
Allowance for expected credit loss	**9.1**	(20,898,777)	-
		12,105,347	**18,685,308**
From clearing house		**6,899,654**	**16,806,165**
		19,005,001	**35,491,472**

9.1 Allowance for expected credit loss

	Notes	Rupees 2019	Rupees 2018
Opening balance		-	-
Allowance for expected credit loss	**9.1.1**	20,898,777	-
Closing balance		**20,898,777**	-

9.1.1 Aging analysis

	Rupees 2019	Rupees 2018
Upto 90 days	20,042,930	3,404,316
More than 90 but upto 180 days	247,698	484,264
More than 180 but upto 360 days	316,522	178,571
More than 360 days	12,397,828	14,618,156
	33,004,978	**18,685,307**

		Rupees 2019	Rupees 2018
9.2	Total value of securities pertaining to clients held in the Central Depository Company	**180,118,867**	**128,131,431**
9.3	Value of pledge securities of clients with National Clearing Company of Pakistan Limited	-	-
9.4	Value of pledge securities of clients with Financial institutions	-	-

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

9.6 Allowance for expected credit loss is caculated on the basis of aging analysis more than 360 days and unsecured balances which ever is

10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Notes	Rupees 2019	Rupees 2018
Exposure deposit	**10.1**	38,609,980	47,110,000
Advance payment of tax		18,786,627	16,060,789
Advance to staff		255,830	68,640
Advance to others		44,964	100,000
Other receivables		612,701	-
		58,310,102	**63,339,429**

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. These deposits carry profit at rates ranging from 3.5% to 9.35% (30 June 2018: 2.75% to 3.6%) per annum.

11 CASH AND BANK BALANCES

	Notes	Rupees 2019	Rupees 2018
Cash in hand		10,000	10,000
Cash at Bank			
in savings accounts	**11.1 & 11.2**	3,891,856	26,954,951
		3,901,856	**26,964,951**

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

	Notes	Rupees 2019	Rupees 2018

11.1 The return on these balances is 5% to 9% (2018: 3.75% to 4.6%) per annum on daily product basis.

11.2 ***Bank balance pertains to:***

		Rupees 2019	Rupees 2018
Clients		3,491,651	25,175,200
Brokerage House		400,205	1,779,751
		3,891,856	**26,954,951**

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

Number of shares 2019	Number of shares 2018		Rupees 2019	Rupees 2018
11,000,400	11,000,400	Ordinary shares of Rs. 10 each fully paid in cash	110,004,000	110,004,000
9,000,000	9,000,000	Ordinary shares of Rs. 10 each issued for consideration other than in cash.	90,000,000	90,000,000
20,000,400	**20,000,400**		**200,004,000**	**200,004,000**

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

13 **ACCRUED EXPENSES & OTHER LIABILITIES**

		Rupees 2019	Rupees 2018
Accrued expenses		337,890	109,545
Other liabilities		20,007	572,553
		357,897	**682,098**

14 **CONTINGENCIES AND COMMITMENTS**

14.1 Penalty of Rs. 300,000/- have been imposed by SECP due to non submission of quarterly financial reports. The company has approached Appellate Bench for waiver of penalty and expecting favourable outcome

14.2 There are no commitments as on June 30, 2019 (2018: Nil).

15 **OPERATING REVENUE**

	Notes	Rupees 2019	Rupees 2018
Brokerage Commission including sales tax on services	**15.1**	14,712,467	14,257,316
Less: Sales tax on services		(1,623,587)	(1,583,978)
Net brokerage commission excluding sales tax on services		**13,088,880**	**12,673,338**
Dividend income		-	320,591
		13,088,880	**12,993,929**

15.1 **Brokerage Income - net of sales tax**

Equity brokerage

		Rupees 2019	Rupees 2018
- Institutional customers		1,171,661	1,111,991
- Retail clients		11,917,219	11,561,347
		13,088,880	**12,673,338**

	Notes	Rupees 2019	Rupees 2018
16 ADMINISTRATIVE EXPENSES			
Directors' remuneration	**16.1**	4,800,000	4,800,000
Salaries, wages and other benefits		2,317,550	2,006,800
Rent, rates and taxes		501,868	557,970
Repair and maintenance		648,756	572,666
Telephone and communication charges		129,307	133,390
Service and transaction charges		1,817,323	2,093,996
Utility charges		255,027	313,475
Computer, software and I.T.expenses		439,894	373,069
Entertainment		501,580	470,130
Dealers' expenses & benefits		6,431,469	4,421,314
Fees and subscriptions		158,450	207,400
Postage and courier		2,250	3,590
Printing and stationery		93,240	171,385
Vehicle running expenses		175,580	148,240
Generator expenses		30,677	18,341
Auditors' remuneration	**16.2**	230,000	270,000
Allowance for expected credit loss		20,898,777	-
Depreciation		340,130	388,478
Other expenses		140,464	194,404
		39,912,342	**17,144,647**

16.1 Remuneration of Chief Executive and Director

	2019 Chief Executive	2019 Director	2018 Chief Executive	2018 Director
Managerial remuneration	1,200,000	3,600,000	1,200,000	3,600,000
Medical allowance	-	-	-	-
Fees	-	-	-	-
Bonus	-	-	-	-
Housing and utilities	-	-	-	-
	1,200,000	**3,600,000**	**1,200,000**	**3,600,000**
Number of persons (including those who worked part of the year)	**1**	**3**	**1**	**3**

16.2 Auditors' remuneration

	Rupees 2019	Rupees 2018
Audit services		
Annual audit fee	110,000	100,000
Certifications	70,000	70,000
	180,000	**170,000**
Non-audit services		
Other services	50,000	100,000
	50,000	**100,000**
	230,000	**270,000**

17 FINANCE COST

	Rupees 2019	Rupees 2018
Bank charges	10,075	11,895
	10,075	**11,895**

	Notes	Rupees 2019	Rupees 2018
18 OTHER INCOME			
From financial assets			
Profit on exposure deposit		3,333,818	1,195,675
Profit on savings accounts		2,705,961	2,173,353
Profit on PSX retention money		-	254,328
IPO commission		-	388
		6,039,779	**3,623,745**
From non-financial assets			
Cost recoveries		542,628	431,003
		542,628	**431,003**
		6,582,407	**4,054,748**

19 TAXATION

		Rupees 2019	Rupees 2018
Current		560,487	5,110,995
Prior		-	110,735
		560,487	**5,221,730**

19.1 Relationship between income tax expense and accounting profit

	Rupees 2019	Rupees 2018
(Loss) / profit before taxation	**(23,773,002)**	**4,979,285**
Tax at the applicable tax rate of 29% (2018: 30%)	(6,894,171)	1,493,786
Tax effect of income taxed at lower tax rates	(497,496)	1,162,020
Effect of minimum tax	49,434	58,375
Tax effect of prior year	-	110,735
Tax effect of non deductible expenses	6,881,381	3,922,959
Others	1,021,339	(1,526,145)
	560,487	**5,221,730**

19.2 The income tax returns of the Company have been filed up to tax year 2018 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.

20 LOSS PER SHARE - BASIC & DILUTED

20.1 Basic loss per share

	Rupees 2019	Rupees 2018
Loss after taxation	(24,333,489)	(242,445)
Number of shares issued up to the end of the year	20,000,400	20,000,400
	(1.22)	**(0.01)**

20.2 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, 2019 which would have any effect on the earnings per share if the option to convert is exercised.

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

21 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

21.1 Financial Instruments by category

21.1.1 Financial Assets

	2019				
	At fair value through profit or loss	**At fair value through other comprehensive income**	**Loans and receivables**	**Other financial assets**	**Total**
Long term investment	-	14,055,522	-	-	14,055,522
Long term loans, advances & deposits	-	-	3,606,000	-	3,606,000
Trade debts - unsecured	-	-	19,005,001	-	19,005,001
Short term investment	6,782,867				6,782,867
Short term deposits, advances & other receivabl	-	-	58,310,102		58,310,102
Cash and bank balances	-	-	-	3,901,856	3,901,856
	6,782,867	**14,055,522**	**80,921,103**	**3,901,856**	**105,661,348**

	2018				
	At fair value through profit or loss	**At fair value through other comprehensive income**	**Loans and receivables**	**Other financial assets**	**Total**
Long term investment	-	21,353,582	-	-	21,353,582
Long term loans, advances & deposits	-	-	1,606,000	-	1,606,000
Trade debts - unsecured	-	-	35,491,472	-	35,491,472
Short term investment	10,304,740	-	-	-	10,304,740
Short term deposits, advances & other receivabl	-	-	63,339,429	-	63,339,429
Cash and bank balances	-	-	-	26,964,951	26,964,951
	10,304,740	**21,353,582**	**100,436,901**	**26,964,951**	**159,060,174**

21.1.2 Financial Liabilities

	2019		
	Amortised cost	**At fair value through profit or loss**	**Total**
Trade payables	3,444,643	-	3,444,643
Accrued expenses & other liabilities	357,897	-	357,897
	3,802,540	**-**	**3,802,540**

	2018		
	Amortised cost	**At fair value through profit or loss**	**Total**
Trade payables	25,125,449	-	25,125,449
Accrued expenses & other liabilities	682,098	-	682,098
	25,807,546	**-**	**25,807,546**

22 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

22.1 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. **Nil /-** and a 1% decrease would result in a decrease in the Company's loss by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) Foreign currency risk

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

(iii) Equity price risk

Equity price risk is the risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. Management of the Company estimates that a 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Company's profit by **Rs. 678,287/-** 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.

22.2 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.

	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						
Trade payables	3,444,643	3,444,643	3,444,643	3,444,643	-	-
Accrued expenses & other liabi	357,897	357,897	357,897	357,897	-	-
	3,802,540	**3,802,540**	**3,802,540**	**3,802,540**	**-**	**-**

	2018					
	Carrying amount	**Contractual cash flows**	**Six month or less**	**Six to twelve months**	**One to two years**	**Two to five years**
	--- *(Rupees)* ---					
Financial liabilities						
Trade payables	25,125,449	25,125,449	25,125,449	25,125,449		
Accrued expenses & other liabiliti	682,098	682,098	682,098	682,098	-	-
	25,807,546	**25,807,546**	**25,807,546**	**25,807,546**	**-**	**-**

22.3 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 2019	**Rupees 2018**
Long term investment	14,055,522	21,353,582
Long term loans, advances & deposits	3,606,000	1,606,000
Trade debts - unsecured	19,005,001	35,491,472
Short term investments	6,782,867	10,304,740
Short term deposits, advances & other receivables	58,310,102	63,339,429
Cash and bank balances	3,901,856	26,964,951
	105,661,348	**159,060,174**

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 2019	Rupees 2018
AAA	-	-
A1+	3,891,856	26,954,951
BBB -	-	-
	3,891,856	**26,954,951**

22.4 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.

22.5 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

	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
At fair value through profit and loss				
Listed securities	6,782,867	-	-	6,782,867
	6,782,867	**-**	**-**	**6,782,867**
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**

	2018			
At fair value through profit and loss	**Level 1**	**Level 2**	**Level 3**	**Total**
Listed securities	10,304,740	-	-	10,304,740
	10,304,740	**-**	**-**	**10,304,740**
At fair value - through other comprehensive income				
Investment in shares of Pakistan Stock Exchange Limited	21,353,582	-	-	21,353,582
	21,353,582	**-**	**-**	**21,353,582**

22.6 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.

23 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 2019 are located in Pakistan.

24 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 lenght basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of the chief executive, directors and executive is disclosed in relevant note to the financial statements. No significant transactions with related parties during the year.

25 NUMBER OF EMPLOYEES

	2019	2018
Total employees of the Company at the year end	5	5
Average employees of the Company during the year	5	5

26 PATTERN OF SHAREHOLDING

Number of Shares	Name of shareholders	June 30, 2019 Percentage of Holding
1,000,000	Osama Abdul Ghani	5.00%
5,000,200	Altaf Yousuf	25.00%
9,000,100	Abdul Qadir	45.00%
5,000,100	Wasim Hyder	25.00%
20,000,400		**100%**

During the year there were no change in shareholding above 5%.

27 CAPITAL ADEQUACY LEVEL

	Note	June 30, 2019
Total Assets		109,968,867
Less: Total Liabilities		(3,802,540)
Less: Revaluation Reserves (Created upon revaluation of Fixed Assets)		-
Capital Adequacy Level	**27.1**	**106,166,327**

27.1 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, 2019, as determined by Pakistan Stock Exchange has been considered.

28 AUTHORIZATION FOR ISSUE

These financial statements were approved by the Company’s board of directors and authorised for issue on _______________.

29 GENERAL

29.1 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.

29.2 Figures have been rounded off to the nearest rupee.

Chief Executive **Director**

MRA SECURITIES LIMITED
COMPUTATION OF TAXABLE INCOME AND TAX LIABILITY
FOR THE PERIOD OF JULY 01, 2018 TO JUNE 30, 2019

PARTICULARS	TOTAL	NORMAL	FINAL
INCOME FROM BUSINESS			
PERCENTAGE OF TOTAL INCOME		**85.12%**	**14.88%**
COMMISSION	13,088,880	10,162,408	2,926,472
RECOVERIES	-	-	-
CAPITAL GAIN ON DISPOSAL OF SHARES OF LISTED COMPANIES	-	-	-
DIVIDEND INCOME	-	-	-
IPO COMMISSION	-	-	-
PROFIT ON EXPOSURE DEPOSIT	3,333,818	3,333,818	-
profit on bank accounts	2,705,961	2,705,961	-
recoveries	542,628	542,628	-
PROFIT ON PSX SHARES	-	-	-
MARK UP ON MARGIN FINANCING	-	-	-
	19,671,288	**16,744,815**	**2,926,472**
EXPENSES CLAIMED	19,023,640		
EXPENSES RELATED TO FTR	2,830,123	**16,193,517**	**EXPENSE RELATED TO NTR**
INCOME FROM BUSINESS		**551,298**	
INCOME FROM PROPERTY			
RENT INCOME	-		
LESS: 1/5th OF RENT FOR REPAIRS	-	**-**	
TAXABLE INCOME (INCOME FROM BUSINESS + INCOME FROM PROPERTY)		**551,298**	

	TAXABLE INCOME	TAX RATE	TAX AMOUNT
NORMAL TAX @ 29%	551,298	29%	159,876
MINIMUM TAX @ 1.25%	16,744,815	1.25%	209,310
HIGHER OF NORMAL TAX AND MINIMUM TAX	16,744,815	1.25%	209,310
TAX ON COMMISSION FROM MARCH 01, 2019 TO JUNE 30, 2019	2,926,472	12%	351,177
TAX ON CAPITAL GAIN ON DISPOSAL OF SHARES OF LISTED COMPANIES	-	0.00%	-
TAX ON DIVIDEND INCOME	-	various rates	-
TAX ON IPO COMMISSION	-	12.00%	-
TAX CHARGEABLE		**A**	**560,487**