Crowe

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

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statement of **FALKI CAPITAL (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2020 and the statement of profit or loss, statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and 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, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and 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 is 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.

- 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.

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- 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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) statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat was not 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 Shahzad Qazi (FCA).

Hussain Chaudhury

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Crowe Hussain Chaudhury & Co. Islamabad Chartered Accountants

Date: 05 OCT 2020
Islamabad

FALKI CAPITAL (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 RUPEES	2019 RUPEES
SHARE CAPITAL AND RESERVES			
SHARE CAPITAL			
Authorized Share Capital	5	35,000,000	35,000,000
Issued and paid-up & Subscribed Capital		35,000,000	35,000,000
Unappropriated Profit / (Loss)		(2,688,212)	(1,660,320)
		32,311,788	33,339,680
Gain on demutualization	6	20,346,030	20,346,030
NON - CURRENT LIABILITIES			
Loan from directors	7	700,000	700,000
Security Payable		269,600	269,600
CURRENT LIABILITIES			
Accrued expenses	8	274,267	407,760
Trade creditors & other payable	9	1,518,001	9,133,517
Profit with held(DFC) Contract		-	49,595
		1,792,268	9,590,872
		55,419,686	64,246,182
ASSETS			
NON - CURRENT ASSETS			
Tangible assets			
Property, plant & equipment	10	11,963,066	12,639,840
Intangible assets:			
TREC	6.1	2,500,000	2,500,000
Software		525,000	525,000
		3,025,000	3,025,000
Long term security deposit		531,500	1,670,000
CURRENT ASSETS			
Investment-available for sale due to demutualization		30,346,030	30,346,030
Advances and Deposits	12	3,285,000	4,044,595
Marketable Securities	13	1,400,690	-
Trade debtors	14	2,163	300,905
Income Tax Refundable	15	1,013,057	1,284,096
Cash and bank balance	16	3,853,179	10,935,716
		39,900,119	46,911,342
		55,419,686	64,246,182

The annexed notes form 1 to 34 an integral part of these financial statements.

DIRECTOR

FALKI CAPITAL (PVT.) LTD.

CHIEF EXECUTIVE OFFICER

FALKI CAPITAL (PRIVATE) LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 RUPEES	2019 RUPEES
Revenue	**17**	92,506	1,102,428
Less: Operational expenses	**18**	(4,667,840)	(5,743,897)
Operating (loss)		(4,575,335)	(4,641,469)
(Loss) on sale/remeasurement of investment classified as fair value through profit or loss		(263,053)	(84,833)
		(4,838,388)	(4,726,302)
Other income	**19**	4,718,832	4,187,864
(Loss) before tax		(119,555)	(538,439)
Less: Taxation	**20**	(908,337)	(844,660)
(Loss) after tax		(1,027,892)	(1,383,098)

The annexed notes form 1 to 34 an integral part of these financial statements.

DIRECTOR FALKI CAPITAL (PVT.) LTD. **CHIEF EXECUTIVE OFFICER**

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

	2020 **RUPEES**	2019 **RUPEES**
(Loss) after tax for the year	(1,027,892)	(1,383,098)
Other comprehensive income		
Items that may be subsequently reclassified in profit or loss	-	-
Items that will not be subsequently reclassified in to profit or loss	-	-
Other comprehensive income	-	-
Total comprehensive (Loss) for the year	(1,027,892)	(1,383,098)

The annexed notes form 1 to 34 an integral part of these financial statements.

FALKI CAPITAL (PVT.) LTD.

DIRECTOR

CHIEF EXECUTIVE OFFICER

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

Particulars	Share capital	Accumulated Profit / (loss)	Total
		(Rupees)	
Balance as on July 01, 2018	35,000,000	(277,222)	34,722,778
(Loss) for the year	-	(1,383,098)	(1,383,098)
Balance as on June 30, 2019	35,000,000	(1,660,320)	33,339,680
Balance as on July 01, 2019	35,000,000	(1,660,320)	33,339,680
(Loss) for the year	-	(1,027,892)	(1,027,892)
Balance as on June 30, 2020	35,000,000	(2,688,212)	32,311,788

The annexed notes form 1 to 34 an integral part of these financial statements.

FALKI CAPITAL (PVT.) LTD.

DIRECTOR **CHIEF EXECUTIVE OFFICER**

FALKI CAPITAL (PRIVATE) LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2020

	NOTE	2020 RUPEES	2019 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before tax		(119,555)	(538,439)
Adjustments for non cash items			
Depreciation		676,773	717,739
Gain on demutualization			
Operating Profit/(Loss) before Working capital Changes		557,218	179,301
(Increase) / decrease in current assets			
Advances and Deposits		759,595	-
Trade Debtors		298,742	(34,442)
		1,058,337	(34,442)
Increase / (decrease) in current liabilities			
Accrued Expenses		(133,493)	135,862
Profit with held(DFC) Contract		(49,595)	(34,185)
PSX Future Market Exposure Deposit (Clients)		-	(95,000)
Trade Creditors & Other Payable		(7,615,516)	(4,012,952)
		(7,798,604)	(4,006,275)
Cash Generated from Operating activity		(6,183,049)	(3,861,417)
Income Tax paid		(637,298)	(670,657)
Net Cash Inflow / (Outflow) From Operating Activities		(6,820,347)	(4,532,074)
CASH FLOW FROM INVESTING ACTIVITIES			
Long term security deposit		1,138,500	-
PSX Future Market Exposure Deposit (Clients)		-	(50,000)
Future loss Deposit		-	48,225
Marketable Securities		(1,400,690)	120,700
Net Cash Inflow / (Outflow) From Investing Activities		(262,190)	118,925
CASH FLOW FROM FINANCING ACTIVITIES			
Security Payable		-	269,600
Net Cash Inflow / (Outflow) From Financing Activities		-	269,600
Net cash inflow / (outflow) during the year		(7,082,537)	(4,143,549)
Cash and cash equivalent at the beginning of the year		10,935,716	15,079,265
Cash and cash equivalent at the end of the year		3,853,179	10,935,716

The annexed notes form 1 to 34 an integral part of these financial statements.

FALKI CAPITAL (PVT.) LTD.

DIRECTOR **CHIEF EXECUTIVE OFFICER**

1 Corporate and general information

1.1 Legal status and operations

The company was incorporated in Pakistan on June 8th 2006 as a private limited company under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017).

The main business of the company is to assist, regulate or control the business of buying, selling securites, facilitating public securites and to initiate activites in relation to stock exchange and money market etc.

The geographical location and address of the Company's office is as under:
The registered office of the Company is situated at Flat 1, 1st floor plaza 61-d, Chaklala Scheme III, Commercial area Rawalpindi.

2 Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard for Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

FALKI CAPITAL (PVT.) LTD.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are 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.
Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are discussed in the ensuing paragraphs.

2.4.1 Property and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

2.4.2 Provisions

A provision is recognized when, and only when the Company has a present obligation (legal or constructive) as a result of past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

2.4.3 Impairment

The carrying amount of the Company's assets are reviewed regularly to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is charged to profit and loss account.

2.4.4 Income taxes

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

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

The following key amendments to standards are relevant that became effective during the year. These amendments are not likely to have any impact on the Company's financial statement.

-The Company has adopted IFRS 16 'Leases' with effect from July 01, 2019. IFRS 16 "Leases" has replaced IAS 17 "Leases", the former lease accounting standard, and has become effective from annual accounting periods beginning on or after January 1, 2019. Under the new standard, almost all leases which meet the criteria described in the standard will be recognized on the statement of financial position with only exceptions of short term and low value leases. Under IFRS 16, an asset (the right to use the leased item) is recognized along with corresponding financial liability to pay rentals at the present value of future lease payments over the lease term, discounted with the specific incremental borrowing rate.

The Company's lease portfolio includes lease contracts which are extendable through mutual agreement between counter parties or cancellable by both parties immediately or on a short notice. Accordingly, the Company has concluded that where the lease term of contracts is short-term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognized and payments made in respect of these leases are expensed in the statement of profit or loss.

The Company has adopted IFRS 16 using the modified retrospective approach and the Company has assessed that the adoption of IFRS 16 does not have any material financial impact on these financial statements.

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

-IFRIC 23 'Uncertainty over income tax treatments' (effective from accounting period beginning on or after January 1, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS interpretations committee had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

-Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

-Amendments to IAS 12 Income Taxes The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events

3.2 Standards, interpretations and amendments to approved accounting standards which became effective during the year but are not relevant

There were certain amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

3.3 Standards, interpretations and amendments to approved accounting standards that are relevant but not yet effective

The following new standards and interpretations are not effective for the financial year beginning on January 1, 2020 and have not been early adopted by the Company.

	Effective date
-Definition of a Business - Amendments to IFRS 3	January 1, 2020
-Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7	January 1, 2020
-Definition of Material - Amendments to IAS 1 and IAS 8	January 1, 2020
-IFRS 17 Insurance Contracts	January 1, 2022

The above standards and interpretations are not expected to have any material impact on the company's financial statements in the period of initial application.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

4.1 PROPERTY , PLANT AND EQUIPMENT

Initial recognition

All items of property, plant and equipment are initially recorded at cost.

Subsequent measurement

Items of property, plant and equipment other than land, buildings and capital work in progress are measured at cost less accumulated depreciation

Depreciation

Depreciation is charged so as to write off the cost or revalued amount of assets over their estimated useful lives, using the written down method.

4.2 Income tax

Income tax expense represents current tax expense. Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates, if any.

4.3 Non Current Assets

Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is provided on reducing balance method over the estimated useful lives of the assets at rates specified in note 8 to the financial statements.

4.4 Income taxes

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

4.5 Revenue recognition

Revenue is recognized when services have been rendered.
Income on bank deposits and short term investments are recognised using the effective yield method.

4.6 Financial assets and liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to contractual provisions of the instrument. These are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value and / or amortized cost respectively, whichever is applicable. The Company derecognizes financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments.

4.7 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to set off the recognized amount and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.8 Basic and Diluted earnings per share

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

4.9 Provisions

A provision is recognized when, and only when the Company has a present obligation (legal or constructive) as a result of past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

4.10 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company losses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of income and expenditure and other comprehensive income.

(i) Financial assets

Classification

Effective July 1, 2018, the Company classifies its financial assets in the following measurement categories:

a) Amortized cost where the effective interest rate method will apply;
b) fair value through profit or loss;
c) fair value through other comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of expenditure and income and other comprehensive income. For investments in equity instruments that are not held for trading, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of expenditure and income and other comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statement of expenditure and income and other comprehensive income and presented in other other income/ (charges). Impairment losses are presented as separate line item in the statement of income and expenditure and other comprehensive income.

(b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest income which are recognised in statement of expenditure and income and other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of expenditure and income and other comprehensive income and recognised in other income/ (charges). Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as separate line item in the statement of income and expenditure and other comprehensive income.

c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of expenditure and income and other comprehensive income and presented net within other other income/ (charges) in the period in which it arises.

De-recognition of financial assets

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized 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 a financial asset in its entirety or a portion thereof.

Following are financial instruments that are subject to the ECL model:

- Deposits and short term prepayments
- Trade debts
- Cash and bank balances
- Loans and advances
- Other receivables

Simplified approach for advances, deposits and other receivables

The Company recognises life time ECL on advances, deposits and other receivables, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Advances, deposits and other receivables are separately assessed for ECL measurement. The lifetime expected credit losses are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Recognition of loss allowance

The Company recognizes an impairment gain or loss in the statement of expenditure and income and other comprehensive income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

As explained in note 4 to these financial statements, previously, impairment (loss allowance) was measured under incurred loss model of IAS 39.

(ii) Financial liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

b) Amortised cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the statement of income and expenditure and other comprehensive income, when the liabilities are derecognized as well as through effective interest rate amortization process.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income and expenditure and other comprehensive income.

(iii) Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

4.11 Leases

Right of use of Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.
Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.
In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Interest-bearing
,
Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Policy applicable before July 01, 2019

Determining whether an arrangement contains a lease: At inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.
Lease assets: Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.
Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

Lease payments: Payments made over operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

4.12 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

5 Share Capital

	2020 RUPEES	2019 RUPEES

Authorized share capital comprises of 3,500,000 (2019: 3,500,000) Ordinary shares of Rs. 10 each.

Issued, subscribed and paid up capital

2020 Numbers	2019 Numbers	Ordinary shares	2020 RUPEES	2019 RUPEES
3,500,000	3,500,000	Ordinary shares of Rs. 10 each paid in cash	35,000,000	35,000,000
			35,000,000	35,000,000

6 SURPLUS / GAIN ON REVALUATION OF SHARES /TREC ON DEMUTUALIZATION AND CORPORATIZATION OF STOCK EXCHANGE

Pursuant to the promulgation of the stock Exchange (Corporation, Demutualization and integration) Act,2012 (The Act) the ownership in a stock Exchange has been segregated from the right to trade on the Exchange. Accordingly, the company has received equity shares of ISE and trading Right Entitlement (TRECs) in lieu of it membership card of ISE.The company's entitlement in respect of ISE's shares is determined on the basis of valuation of assets and liabilities of ISE as approved by SECP and company has been allotted 3,034,603 shares of the face value of Rs 10/- each, out of which 1,820,761 shares are kept in the blocked account and the divorcement of the same will be made in accordance with the requirement of the Act within two years from the date of demutualization.

In the absence of an active market of the shares of ISE and TREC, the company has taken the cost of the shares (at issued price of Rs 10 each) and TREC at 4.00 million which is the value approved by the Board of Directors of ISE and endorsed by the SECP. Consequently the company has recorded surplus of RS:21.846 million on conversion of membership card of ISE to shares and TREC in The equity as effect of Corporatization Demutualization Act, and this surplus on revaluation is approved by SECP.

		2020 RUPEES	2019 RUPEES
Shares		30,346,030	30,346,030
Office premises		16,400,000	16,400,000
TREC	6.1	2,500,000	2,500,000
Software		40,000	40,000
		49,286,030	49,286,030
Other intangible assets		(28,940,000)	(28,940,000)
		20,346,030	20,346,030

6.1 Pakistan Stock Exchange has issued notice dated September 15, 2017 regarding the rationalizing of notional value of TRE certificate for the purpose of base minimum Capital to take the value of TREC ar Rs. 2.5m.

7 Loan from directors

This represents interest free and unsecured loan obtained from on of the director of the Company on June 29, 2018 to enhance the liquidity. The loan will be repaid after the period of two years therefore the fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of loan is not considered material and hence not recognized.

FALKI CAPITAL (PVT.) LTD.

8 ACCRUED EXPENSES

	2020 RUPEES	2019 RUPEES
Audit Fee	125,000	125,000
Utilities & Other	149,267	282,760
	274,267	407,760

9 TRADE CREDITORS & OTHER PAYABLE

	2020 RUPEES	2019 RUPEES
Payable to Clients	1,250,967	8,716,549
Sale Tax /FED Tax	14,738	42,808
Advance Rent	252,076	229160
PSX Exposure Deduction from Clients	-	145,000
Payable to NCCPL/PSX	220	-
	1,518,001	9,133,517

11 Contigencies & Comitments

There were no Contigencies & Comitments as at June 30, 2020 (2019 : Nil)

12 Advances and Deposits

	2020 RUPEES	2019 RUPEES
Ready Market Exposure Deposit	2,850,000	2,850,000
Future Market Exposure Deposit	435,000	1,000,000
PSX Future Market Exposure Deposit (Clients)	-	145,000
Future loss Deposit	-	49,595
	3,285,000	4,044,595

13 Marketable Securities

	Position	Value RUPEES	Var	Net Value RUPEES
Attock Petrolium Limited	900	274,680	15%	233,478
Bank Al-Habib Limited	2000	104,600	15%	88,910
The Hub Power Company Limited	1000	72,500	15%	61,625
Oil & Gas Development Company Limited	2000	218,000	15%	185,300
Pakistan Oilfields Limited	1000	350,630	15%	298,036
Pakistan Petroleum Limited	2000	173,560	15%	147,526
United Bank Limited	2000	206,720	15%	175,712
		1,400,690		1,190,587

13.1 Concentrated proprietary positions

For the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position,then 10% of the value of such security

Marketable Securities	Position	Value	Additional Var	CPP
Pakistan Oilfields Limited	1000	350,630	5%	17,532

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10 PROPERTY PLANT& EQUIPMENT

PARTICULARS	COST			RATE	DEPRECIATION			W.D.V
	AS ON July 01, 2019	ADDITION	AS ON June 30, 2020	%	AS ON July 01, 2019	FOR THE YEAR	AS ON June 30, 2020	AS ON 30-06-2020
				RUPEES				
VEHICLES	41,000	-	41,000	20	36,047	991	37,038	3,961
OFFICE EQUIPMENTS	1,194,691	-	1,194,691	10	548,520	64,617	613,137	581,554
FURNITURE & FIXTURES	539,095	-	539,095	10	304,497	23,460	327,957	211,138
OFFICE PEREMISES	16,400,000	-	16,400,000	5	4,645,881	587,706	5,233,587	11,166,413
2020	18,174,786	-	18,174,786		5,534,945	676,773	6,211,719	11,963,066

PARTICULARS	COST			RATE	DEPRECIATION			W.D.V
	AS ON July 01, 2018	ADDITION	AS ON June 30, 2019	%	AS ON July 01, 2018	FOR THE YEAR	AS ON June 30, 2019	AS ON 30-06-2019
				RUPEES				
VEHICLES	41,000	-	41,000	20	34,809	1,238	36,047	4,952
OFFICE EQUIPMENTS	1,194,691	-	1,194,691	10	476,723	71,797	548,520	646,171
FURNITURE & FIXTURES	539,095	-	539,095	10	278,431	26,066	304,497	234,598
OFFICE PEREMISES	16,400,000	-	16,400,000	5	4,027,243	618,638	4,645,881	11,754,119
2019	18,174,786	-	18,174,786		4,817,206	717,739	5,534,945	12,639,840

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14 TRADE DEBTORS		2020 RUPEES	2019 RUPEES
Trade Debtors		9,211	326,228
Provision for doubtful debts	14.1	(7,048)	(25,323)
		2,163	300,905

14.1 Provision for doubtful debts		2020 RUPEES	2019 RUPEES
Aging of Trade Debtors (5 days)	14.1.1	9,211	326,228
Trade receivable within five days		-	(79,655)
Debt Due to Commission Rec		-	(52,063)
with collateral (VAR Haircuts)		(2,163)	(169,187)
		7,048	25,323

14.1.1 These are unsecured but considered good.

15 INCOME TAX REFUNDABLE	2020 RUPEES	2019 RUPEES
Opening	1,284,096	1,458,099
Add: Deducted During the year	664,792	670,657
	1,948,888	2,128,756
Less: Provision for the year		
Current	(906,649)	(119,634)
Prior	(29,182)	(725,026)
	1,013,057	1,284,096

15.1 DEDUCTED DURING THE YEAR DEDUCTED DURING THE YEAR	2020 RUPEES	2019 RUPEES
Rental Income	533,808	485,430
Dividend Income	117,047	68,278
Advance Tax on buying of shares (U/S 233A)		57,269
Advance Tax on selling of shares (U/S 233B)		59,680
Advance Withholding Tax on Utilities and Purchases	13,937	-
	664,792	670,657

16 CASH AND BANK BALANCE		2020 RUPEES	2019 RUPEES
Cash In Hand		197,677	209,907
Cash at Bank	16.1	3,655,502	10,725,809
		3,853,179	10,935,716

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16.1 Cash at Bank	2020 RUPEES	2019 RUPEES
Clients Account	1,542,027	8,971,780
House Account	2,113,475	1,836,627
	3,655,502	10,808,407

16.2 Assets in CDC

	2020		
	Back Office	CDC	Reconcile
Customer Assets	427,700	427,700	-

	2019		
	Back Office	CDC	Reconcile
Customer Assets	7,733,537	7,731,537	Shares Pledge by CDC DFML 2,000

16.3 Assets Pledged with Financial Institutions	2020 RUPEES	2019 RUPEES
Own Assets	Nil	Nil
Customer Assets	Nil	Nil

17 Revenue	2020 RUPEES	2019 RUPEES
Clients	91,706	1,034,503
Institutions	800	67,924
	92,506	1,102,428

18 OPERATING EXPENSES	2020 RUPEES	2019 RUPEES
Salaries & Wages	2,743,500	3,231,514
Membership fee / PSX & Others	76,700	83,025
Bank Charges	2,069	6,681
Telephone, Postage & Internet charges	235,670	248,580
Repair & Maintenance	19,120	16,200
Utility Bills	49,147	76,517
Prop Trading Expenses	338,730	652,728
Auditors' Remuneration	125,000	125,000
Printing & Stationary	800	-
Misc. Expenses	97,106	103,389
Depreciation	676,773	717,739
Rent Expenses	275,417	429,600
Legal & Presumptive	8,900	27,600
Financial Charges	-	-
Provision for doubtful debts	18,908	25,323
	4,667,840	5,743,897

FALKI CAPITAL (PVT.) LTD.

19 OTHER INCOME

	2020 RUPEES	2019 RUPEES
Income from Dividends	772,815	466,440
Transfer and Custody Fee.	-	500
Other Income	410,213	714,884
Rental Income	3,535,804	3,006,040
	4,718,832	4,187,864

20 TAXATION

	2020 RUPEES	2019 RUPEES
Current year	906,649	119,634
Previous year adjustment	1,688	725,026
	908,337	844,660

20.1 Taxation is not aplicable due to gross loss as per under section 113 of income tax ordinence 2001.

21 CAPITAL ADEQUACY LEVEL

		2020 RUPEES	2019 RUPEES
	Total Assets	55,419,686	64,246,182
Less:	Total Liabilities	(2,761,868)	(10,560,472)
Less:	Revaluation Reserves (Created upon Revaluaton of Fixed Assets)	-	-
	Captial Adequacy Level	52,657,817	53,685,710

21.1 While determining the value of Total Assets of **M/S FALKI CAPITAL (PRIVATE) LIMITED**, Notional value of the TRE Certificate held by such Participation as at year ended June 30, 2020 as determine by Pakistan Stock Exchange has been considered.

22 BASIC EARNING/ (LOSS) PER SHARE

			2020 RUPEES	2019 RUPEES
22.1	Profit / (Loss) After Taxation	(Rs)	(1,027,892)	(1,383,098)
	Number of Ordinary Shares Issued	(No's)	35,000,000	35,000,000
	Earning Per Share		(0.029)	(0.04)

22.2 There is no dilutive effect on the basic earning per share

23 PATTERN OF EQUITY

	2020 RUPEES	2019 RUPEES
Fateh Khan Malik	34,990,000	34,990,000
Noor Jehan Malik	10,000	10,000
	35,000,000	35,000,000

24 PROVIDEND FUND

No Provident fund was maintained by Company.

FALKI CAPITAL (PVT.) LTD.

25 NET CAPITAL BALANCE 2020 2019

Following additional disclosure not else where disclosed in these financial statements are being provided to comply with the requirment of National clearing Company of Pakistan (NCCPL) subsequently approved by Securities and Exchange Commision of Pakistan (SECP) vide letter

A-Description of Current Assets	Valuation basis	Amount
1. Cash in hand or in bank	As per book value	3,853,179
2. Trade Receivables	Book Value less those overdue for more than fourteen days	-
3. Investment in listed securities in the name of broker	Securities on the exposure list marked to market less 15% discount	1,190,587
4. Securities purchased for customers	Securities purchased for the customer and held by the broker where the payment has not been received within fourteen days	2,163
5. Listed TFCs/ Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan	Marked to Market less 10% discount	-
6. FIBs	Marked to Market less 5% discount	-
7. Treasury Bill	At market value	-
8. Any other current asset specified by the Commission	As per the valuation basis determined by the Commission	3,285,000
Total Assets		**8,330,929**
B-Description of Current liabilities	**Valuation basis**	
1. Trade payables	Book Value less those overdue for more than 30 days	1,048,985
2. Other liabilities	As classified under the generally accepted accounting principles	743,283
Total Liabilities		**1,792,268**
Net Capital Balance		**6,538,661**

FALKI CAPITAL (PVT.) LTD

FALKI CAPITAL (PRIVATE) LIMITED
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26 LIQUID CAPITAL

S. No.	Head of Account	Notes	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets					
1.1	Property & Equipment	10	11,963,066	100%	
1.2	Intangible Assets		3,025,000	100%	
1.3	Investment in Govt. Securities (150,000*99)				
1.4	**Investment in Debt. Securities**				
	If listed than:				
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			5%	
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			8%	
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			10%	
	If unlisted than:				
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			10%	
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			13%	
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			15%	
1.5	**Investment in Equity Securities**				
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	13	1,400,690	210,104	1,190,587
	ii. If unlisted, 100% of carrying value.		30,346,030	100%	
	iii.Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been alloted or are not included in the investments of securities broker.			100%	
	iv.100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)				
1.6	Investment in subsidiaries				
1.7	**Investment in associated companies/undertaking**				
	i. If listed 20% or VaR of each securities as computed by the Securites Exchange for respective securities whichever is higher.				
	ii. If unlisted, 100% of net value.			100%	
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.		531,500	100%	
1.9	Margin deposits with exchange and clearing house.		3,285,000		3,285,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.				
1.11	Other deposits and prepayments		1,013,057	100%	
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)				
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties			100%	

FALKI CAPITAL (PVT.) LTD.

1.13	Dividends receivables.				
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (***Securities purchased under repo arrangement shall not be included in the investments.)***				
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months				
	ii. Receivables other than trade receivables			100%	
1.16	**Receivables from clearing house or securities exchange(s)**				
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.			100%	
	claims on account of entitlements against trading of securities in all markets including MtM gains.				
1.17	**Receivables from customers**				
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. ***i. Lower of net balance sheet value or value determined through adjustments.***				
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. ***ii. Net amount after deducting haircut***			5%	
	iii. Incase receivalbes are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, ***iii. Net amount after deducting haricut***				
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. ***iv. Balance sheet value***		-	-	-
	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. ***v. Lower of net balance sheet value or value determined through adjustments***		9,211	2163	2,163
	vi. 100% haircut in the case of amount receivable form related parties.			100%	
1.18	**Cash and Bank balances**				
	I. Bank Balance-proprietory accounts		2,113,475		2,113,475
	ii. Bank balance-customer accounts		1,542,027		1,542,027
	iii. Cash in hand		197,677		197,677
1.19	**Total Assets**		**55,426,733**		**8,330,929**

FALKI CAPITAL (PVT.) LTD

2. Liabilities					
2.1	**Trade Payables**				
	i. Payable to exchanges and clearing house				
	ii. Payable against leveraged market products				
	iii. Payable to customers		1,250,967		1,250,967
2.2	**Current Liabilities**				
	i. Statutory and regulatory dues				
	ii. Accruals and other payables		541,301		541,301
	iii. Short-term borrowings				
	iv. Current portion of subordinated loans				
	v. Current portion of long term liabilities				
	vi. Deferred Liabilities				
	vii. Provision for bad debts				
	viii. Provision for taxation		-		-
	ix. Other liabilities as per accounting principles and included in the financial statements				
2.3	**Non-Current Liabilities**				
	i. Long-Term financing		-		
	a. Long-Term financing obtained from financial instituion: Long term portion of financing obtained from a financial institution including amount due against finance lease				
	b. Other long-term financing		-	-	
	ii. Staff retirement benefits				
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Boad of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.				
	iv. Other liabilities as per accounting principles and included in the financial statements		269,600	100%	269,600
2.4	**Subordinated Loans**				
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.		700,000		
	ii. Subordinated loans which do not fulfill the conditions specified by SECP				
2.5	**Total Liabilites**		**2,761,868**		**2,061,868**

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FALKI CAPITAL (PRIVATE) LIMITED
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3. Ranking Liabilities Relating to :					
3.1	**Concentration in Margin Financing**				
	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.				
3.2	**Concentration in securites lending and borrowing**				
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (Ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed				
3.3	**Net underwriting Commitments**				
	(a) in the case of right issuse : if the market value of securites is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issuse where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting				
	(b) in any other case : 12.5% of the net underwriting commitments				
3.4	**Negative equity of subsidiary**				
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary				
3.5	**Foreign exchange agreements and foreign currency positions**				
	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurency less total liabilities denominated in foreign currency				
3.6	Amount Payable under REPO				
3.7	**Repo adjustment**				
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securites. **In the case of financee/seller** the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.				
3.8	**Concentrated proprietary positions**				
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position,then 10% of the value of such security	13.1		17,532	17,532
3.9	**Opening Positions in futures and options**				
	i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts		-	-	-
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met				
3.10	**Short selll positions**				
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts				
	ii. Incase of proprietory positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.				
3.11	**Total Ranking Liabilites**		-	**17532**	**17,532**

Net Liquid Capital balance	52,664,865	6,251,529

Calculations Summary of Liquid Capital
(i) Adjusted value of Assets (serial number 1.19)
(ii) Less: Adjusted value of liabilities (serial number 2.5)
(iii) Less: Total ranking liabilities (series number 3.11)
Note: Commission may issue guidelines and clarifications in respect of the treatment of any component of

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27 FINANCIAL INSTRUMENTS

	Amortized cost		Fair value through profit or loss		Total	
	2020	2019	2020	2019	2020	2019
	(Rupees)					
Financial assets						
Investment-available for sale			-	-	-	-
due to demutualization	30,346,030	30,346,030			30,346,030	30,346,030
Advances and Deposits	3,285,000	4,044,595	-	-	3,285,000	4,044,595
Marketable Securities	-	-	1,400,690	-	1,400,690	-
Trade debtors	2,163	300,905	-	-	2,163	300,905
Cash and Bank Balances	3,853,179	10,935,716	-	-	3,853,179	10,935,716
	37,486,372	45,627,246	1,400,690	-	38,887,062	45,627,246
Financial liabilities						
Trade creditors & other payable	1,518,001	9,133,517	-	-	1,518,001	9,133,517
Loan from directors	700,000	700,000	-	-	700,000	700,000
Profit with held(DFC) Contract	-	49,595			-	49,595
Accrued expenses	274,267	407,760	-	-	274,267	407,760
	2,492,268	10,290,872	-	-	2,492,268	10,290,872

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

28.1 Risk management policies

The Company's objective in managing risks is the creation and protection of stake holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing to meet their objectives. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

28.1.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.

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Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2020 Rupees	2019 Rupees
Investment-available for sale due to demutualization	30,346,030	30,346,030
Long term security deposit	531,500	1,670,000
Marketable Securities	1,400,690	-
Trade debtors	2,163	300,905
Cash and bank balance	3,853,179	10,935,716
	36,133,562	43,252,651

To manage exposure to credit risk in respect of financial assets, management performs credit reviews taking into account the third party's financial position, past experience and other factors.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year no assets have been impaired.

28.1.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
				Rupees			
2020							
Gain on demutualizatio	20,346,030	20,346,030	20,346,030	-	-	-	-
Trade creditors & other payable	1,518,001	1,518,001	1,518,001				1,518,001
Accrued expense:	274,267	274,267	274,267	-	-	-	-
	22,138,298	22,138,298	22,138,298	-	-	-	1,518,001

	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
				Rupees			
2019							
Gain on demutualizatio	20,346,030	20,346,030	20,346,030	-	-	-	-
Trade creditors & other payable	9,133,517	9,133,517	-				9,133,517
Accrued expense:	407,760	407,760	407,760	-	-	-	-
Profit with held(DFC) Contract	49,595	49,595	49,595	-	-	-	-
	29,936,902	29,936,902	20,803,385	-	-	-	9,133,517

28.1.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial

a) Currency risk

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.

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b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from borrowings and investments.

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transactions.

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Total Amount of RS. 1,200,000/-has been paid to CEO at the rate of Rs. 100,000/- per month

31 NUMBERS OF EMPLOYEES

	2020	2019
Average number of employees during the year	7	7
Number of employees as at June 30, 2020	5	7

32 COVID- 19 PANDEMIC

During the year, the World Health Organization declared the Novel strain of Corona virus (Covid-19) a global pandemic and recommended containment and mitigation measures worldwide. The Federal and Provincial governments of Pakistan also took various measures, including imposition of lockdown, from the end of March 2020 to contain the spread of Covid-19. This caused an overall economic slowdown and varying degree of disruption to various businesses including brokerage businesses.

Company's management has assessed the possible accounting implications arising from Covid-19 for these financial statements, including but not limited to impairment of financial and non-financial assets, and concluded that there has been no material accounting impact of Covid-19 on these financial statements.
The management has made an assessment of the company's ability to continue as a going concern and management believes that no material uncertainity exists going concern assumption is appropriate, accordingly financial statements are prepared on going concern basis.

33 DATE OF AUTHORIZATION FOR ISSUE

These Financial statement were authorized for issue of on 05 Oct 2020 by the Board of Director of the Company.

34 GENERAL

Figures have been rounded off to Nearest Rupee.

DIRECTOR

FALKI CAPITAL (PVT.) LTD.

CHIEF EXECUTIVE OFFICER