

**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, 2019 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, 2018 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 2019 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.
- 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.

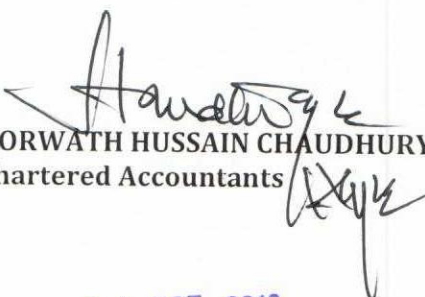
We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### 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).

  
**HORWATH HUSSAIN CHAUDHURY & CO.**  
Chartered Accountants



Date: 04 OCT 2019  
Islamabad

**FALKI CAPITAL (PRIVATE) LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2019**

	Note	2019 RUPEES	2018 RUPEES
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital:			
Authorized	5	35,000,000	35,000,000
Paid-up		35,000,000	35,000,000
Unappropriated Profit / (Loss)		(1,660,320)	(277,221)
		33,339,680	34,722,779
Gain on demutualization	6	20,346,030	20,346,030
<b>NON - CURRENT LIABILITIES</b>			
Loan from directors	7	700,000	700,000
Security Payable		269,600	
<b>CURRENT LIABILITIES</b>			
Accrued expenses	8	407,761	271,898
Trade creditors & other payable	9	9,133,517	13,241,469
Profit with held( DFC) Contract		49,595	83,780
		9,590,872	13,597,147
		64,246,182	69,365,956
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Tangible assets			
Property, plant & equipment	10	12,639,840	13,357,579
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		1,670,000	1,670,000
<b>CURRENT ASSETS</b>			
Investment-available for sale due to demutualization		30,346,030	30,346,030
Advances and Deposits	12	4,044,595	4,042,820
Marketable Securities		-	120,700
Trade debtors	13	300,905	266,463
Income Tax Refundable	14	1,284,096	1,458,099
Cash and bank balance	15	10,935,716	15,079,265
		46,911,342	51,313,377
		64,246,182	69,365,956

  
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DIRECTOR



  
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CHIEF EXECUTIVE

**FALKI CAPITAL (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT AND LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 RUPEES	2018 RUPEES
Revenue	16	1,102,428	2,309,358
Less: Operational expenses	17	(5,743,897)	(3,858,146)
Operating (loss)		(4,641,469)	(1,548,788)
Capital Gain / (Loss)	18	(84,833)	21,150
		(4,726,302)	(1,527,638)
Other income	19	4,187,864	578,300
(Loss) before tax		(538,439)	(949,338)
Less: Taxation	20	(844,660)	-
(Loss) after tax		(1,383,098)	(949,338)
(Loss) Per Share		(0.04)	(0.03)

  
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 DIRECTOR



  
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 CHIEF EXECUTIVE

**FALKI CAPITAL (PRIVATE) LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2019**

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	2019 RUPEES	2018 RUPEES
(Loss) for the year	(1,383,098)	(949,338)
Total comprehensive (Loss) for the year	(1,383,098)	(949,338)

- The annexed notes form an integral part of these financial statements.



DIRECTOR





CHIEF EXECUTIVE

**FALKI CAPITAL (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	NOTE	2019 RUPEES	2018 RUPEES
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(538,439)	(949,338)
<b>Adjustments for non cash items</b>			
Depreciation		717,739	761,482
Gain on demutualization			
Operating Profit/(Loss) before Working capital Changes		179,301	(187,856)
(Increase) / decrease in current assets			
Trade Debtors		(34,442)	264,256
Increase / (decrease) in current liabilities		(34,442)	264,256
Accrued Expenses		135,863	3,390
Profit with held( DFC) Contract		(34,185)	(47,915)
PSX Future Market Exposure Deposit (Clients)		-	(695,000)
Trade Creditors & Other Payable		(4,107,952)	(10,037,528)
		(4,006,275)	(10,777,053)
Cash Generated from Operating activity		(3,861,416)	(10,700,654)
Income Tax paid		(670,657)	(699,448)
Net Cash Inflow / (Outflow) From Operating Activities		(4,532,073)	(11,400,101)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		-	(262,808)
Other Intangible Assets		-	1,500,000
Long term security deposit		-	(570,000)
Ready Market Exposure Deposit		-	(350,000)
Future Market Exposure Deposit		-	800,000
PSX Future Market Exposure Deposit (Clients)		(50,000)	600,000
Future loss Deposit		48,225	159,395
Marketable Securities		120,700	(2,620)
Net Cash Inflow / (Outflow) From Investing Activities		118,925	1,873,967
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Gain on demutualization		-	(1,500,000)
Security Payable		269,600	-
Loan from Directors		-	700,000
Net Cash Inflow / (Outflow) From Financing Activities		269,600	(800,000)
Net cash inflow / (outflow) during the year		(4,143,549)	(10,326,134)
Cash and cash equivalent at the beginning of the year		15,079,265	25,405,399
<b>Cash and cash equivalent at the end of the year</b>		<b>10,935,716</b>	<b>15,079,265</b>

  
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 DIRECTOR



  
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 CHIEF EXECUTIVE

**FALKI CAPITAL (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2019**

Particulars	Share capital	EXCHANGE RESERVE	Total
		Accumulated Profit / (loss)	
(Rupees)			
Balance as on July 01, 2016	31,500,000	(392,230)	31,107,770
Profit for the year	-	1,064,346	1,064,346
Balance as on June 30, 2017	31,500,000	672,116	32,172,116
Share Capital issued during the year	3,500,000	-	3,500,000
(Loss) for the year	-	(949,338)	(949,338)
Balance as on June 30, 2018	35,000,000	(277,222)	34,722,779
(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

  
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DIRECTOR



  
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CHIEF EXECUTIVE



## **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 securities, facilitating public securities and to initiate activities 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; 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 for SMEs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

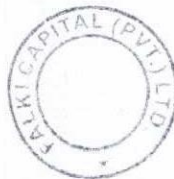
### **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for the shares and TREC, which have been recorded at revalued amount

### **2.3 Functional and presentation currency**

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

*A. Khan*



*S. Zahid*

## **2.4 Key judgements 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.

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.

*Aibuy*



*A. Z. Alaw*

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

The following amendments/improvements to approved accounting standards, effective for accounting periods beginning from the dates specified below and are either not relevant to the Company's current operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

- IFRS15 - Revenue from contracts with customer (effective for annual periods beginning on or after 01 July 2018).
- IFRS16 - Leases - (effective for annual periods beginning on or after 01 January 2019).
- IFRS 9 - Financial Instruments - (effective for annual periods beginning on or after 01 July 2018).

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES**

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 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.

*Qubing*



*J. Z. Balun*

#### 4.3 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities other than at fair value through profit or loss are initially recognised at fair value plus transaction costs. Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are charged to profit or loss for the year. Any gain or loss on derecognition of financial assets and financial liabilities is included in profit or loss for the year.

#### 4.4 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.

#### 4.5 Revenue Recognition

Revenue is recognized when services have been rendered.

#### 4.6 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.

#### 4.7 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.

#### 4.8 Trade and other payables

Liabilities for bills and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Company.

#### 4.9 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.



**4.10 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.

**4.11 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.

**4.12 Basic and Diluted earnings per share**

The Company presents basic 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 shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

*Ahmed*



*Iqbal*

2019	2018
RUPEES	RUPEES

**5 Share Capital**

Authorized share capital comprises of 3,500,000 (2018: 3,500,000) Ordinary shares of Rs. 10 each.

**Issued, subscribed and paid up capital**

2019	2018			
Numbers	Numbers	Ordinary shares		
3,500,000	3,500,000	Ordinary shares of Rs. 10 each	35,000,000	35,000,000
		paid in cash		
			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 its 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.

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 at Rs. 2.5m.

**7 Loan from directors**

This represents interest free and unsecured loan obtained from one of the directors 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.

*Aliy*



*J. Balw*

**FALKI CAPITAL (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b>8 ACCRUED EXPENSES</b>		
Audit Fee	125,000	75,000
Utilities & Other	282,761	196,898
	<u>407,761</u>	<u>271,898</u>
<b>9 TRADE CREDITORS &amp; OTHER PAYABLE</b>		
Payable to Clients	8,716,549	13,121,346
Sale Tax /FED Tax	42,808	19,547
Advance Rent	229,160	-
Payable due to rebate	-	2,432
Payable to PSX	-	3,145
PSX Exposure Deduction from Clients	145,000	95,000
	<u>9,133,517</u>	<u>13,241,469</u>
<b>11 Contingencies &amp; Commitments</b>		
There were no Contingencies & Commitments as at June 30, 2019 (2018 : Nil)		
<b>12 Advances and Deposits</b>		
Ready Market Exposure Deposit	2,850,000	2,850,000
Future Market Exposure Deposit	1,000,000	1,000,000
PSX Future Market Exposure Deposit (Clients)	145,000	95,000
Future loss Deposit	49,595	97,820
	<u>4,044,595</u>	<u>4,042,820</u>
<b>13 TRADE DEBTORS</b>		
Trade Debtors	326,228	269,689
Provision for doubtful debts	13.1 (25,323)	(3,226)
	<u>300,905</u>	<u>266,463</u>
<b>13.1 Provision for doubtful debts</b>		
Aging of Trade Debtors (5 days)	13.1.1 326,228	269,689
Trade receivable within five days	(79,655)	(30,097)
Debt Due to Commission Rec with collateral (VAR Haircuts)	(52,063) (169,187)	(17,345) (219,021)
	<u>25,323</u>	<u>3,226</u>

13.1.1 These are unsecured but considered good.

*Qibing*



*J. Z. Balw*

FALKI CAPITAL (PRIVATE) LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2019

10 PROPERTY PLANT & EQUIPMENT

PARTICULARS	C O S T			RATE %	D E P R E C I A T I O N			W.D.V AS ON 30-06-2019
	AS ON July 01, 2018	ADDITION	AS ON June 30, 2019		AS ON July 01, 2018	FOR THE YEAR	AS ON June 30, 2019	
	RUPEES				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
<b>RUPEES 2019</b>	<b>18,174,786</b>	<b>-</b>	<b>18,174,786</b>		<b>4,817,206</b>	<b>717,739</b>	<b>5,534,945</b>	<b>12,639,840</b>

PARTICULARS	C O S T			RATE %	D E P R E C I A T I O N			W.D.V AS ON 30-06-2018
	AS ON July 01, 2017	ADDITION	AS ON June 30, 2018		AS ON July 01, 2017	FOR THE YEAR	AS ON June 30, 2018	
	RUPEES				RUPEES			
VEHICLES	41,000	-	41,000	20	33,262	1,548	34,809	6,190
OFFICE EQUIPMENTS	991,053	203,638	1,194,691	10	396,949	79,774	476,723	717,968
FURNITURE & FIXTURES	479,925	59,170	539,095	10	249,468	28,963	278,431	260,664
OFFICE PEREMISES	16,400,000	-	16,400,000	5	3,376,045	651,198	4,027,243	12,372,757
<b>RUPEES 2018</b>	<b>17,911,978</b>	<b>262,808</b>	<b>18,174,786</b>		<b>4,055,724</b>	<b>761,482</b>	<b>4,817,206</b>	<b>13,357,579</b>



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**FALKI CAPITAL (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

		<u>2019</u> <u>RUPEES</u>	<u>2018</u> <u>RUPEES</u>
<b>13.1.2 Ageing of Trade Debts As on 30 June:-</b>			
- By 05 Days		79,655	30,096
- From 14 Days		246,573	239,593
<b>14 INCOME TAX REFUNDABLE</b>			
Opening		1,458,099	1,256,653
Add: Deducted During the year	14.1	670,657	699,448
		<u>2,128,756</u>	<u>1,956,101</u>
Less: Provision for the year			
Current		(119,634)	(498,002)
Prior		(725,026)	-
		<u>1,284,096</u>	<u>1,458,099</u>

**14.1 DEDUCTED DURING THE YEAR**

Rental income		485,430	-
Dividend income		68,278	47,781
Advance Tax on buying of shares (U/S 233A)		57,269	315,089
Advance Tax on selling of shares (U/S 233B)		59,680	336,578
		<u>670,657</u>	<u>699,448</u>

**15 CASH AND BANK BALANCE**

Cash in hand		209,907	194,211
Cash at bank	15.1	10,725,809	14,885,054
		<u>10,935,716</u>	<u>15,079,265</u>

**15.1 Cash at Bank**

Clients Account		8,971,782	13,663,007
House Account		1,754,027	1,222,047
		<u>10,725,809</u>	<u>14,885,054</u>

**15.2 Assets in CDC**

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

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

	2019 RUPEES	2018 RUPEES	
	2018		
	Back Office	CDC	Reconcile
Customer Assets	6,919,861	6,919,062	Right Shares Pending Out GHNLR 799
<b>15.3 Assets Pledged with Financial Institutions</b>			
Own Assets	Nil	Nil	
Customer Assets	Nil	Nil	
<b>16 Revenue</b>			
Clients		1,034,503	2,105,429
Institutions		67,463	187,244
Propriety		461	16,685
		<u>1,102,428</u>	<u>2,309,358</u>
<b>17 OPERATING EXPENSES</b>			
Salaries & Wages		3,231,514	1,896,250
Membership fee / PSX & Others		83,025	68,050
Bank Charges		6,681	3,223
Telephone, Postage & Internet charges		248,580	200,114
Traveling		-	12,960
Repair & Maintenance		16,200	12,730
Utility Bills		76,517	457,264
Prop Trading Expenses		652,728	1,937
Auditors' Remuneration	17.1	125,000	100,000
Printing & Stationary		-	61,155
Misc. Expenses		103,389	104,754
Depreciation		717,739	761,482
Rent Expenses		429,600	175,000
Legal & Presumptive		27,600	-
Provision for doubtful debts		25,323	3,226
		<u>5,743,897</u>	<u>3,858,146</u>
<b>17.1 Auditors' Remuneration</b>			
<b>Audit services</b>			
Annual audit fee		125,000	100,000
		<u>125,000</u>	<u>100,000</u>

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**FALKI CAPITAL (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b>18 CAPITAL GAIN/ (LOSS)</b>		
This represents the capital loss on sales of marketable securities.		
<b>19 OTHER INCOME</b>		
Income from Dividends	466,440	476,752
Transfer and Custody Fee.	500	6,500
Other Income	714,884	-
Recovery of NON Performing Debts	-	95,048
Rental Income	19.1 3,006,040	-
	<u>4,187,864</u>	<u>578,300</u>
<b>19.1 Rental Income</b>		
This represent the rental income from office in ISE tower Islamabad.		
<b>20 TAXATION</b>		
Current year	119,634	-
Previous year adjustment	725,026	-
	<u>844,660</u>	<u>-</u>
<b>20 CAPITAL ADEQUACY LEVEL</b>		
Total Assets	64,246,182	69,365,956
<b>Less:</b> Total Liabilities	(10,290,872)	(14,297,147)
<b>Less:</b> Revaluation Reserves (Created upon Revaluaton of Fixed Assets)	-	-
<b>Capitail Adequacy Level</b>	<u>53,955,310</u>	<u>55,068,809</u>
<b>Note:</b>	While determining the value of Total Assets of <b>M/S FALKI CAPITAL (PRIVATE) LIMITED</b> , Notional value of the TRE Certificate held by such Participation as at year ended June 30, 2019 as determine by Pakistan Stock Exchange has been considered.	
<b>22 (LOSS) PER SHARE</b>		
<b>22.1</b>	Profit / (Loss) After Taxation (Rs)	(1,383,098) (949,338)
	Number of Ordinary Shares Issu(No's)	35,000,000 35,000,000
	(Loss) Per Share	<u>(0.04) (0.03)</u>
<b>22.2</b>	There is no dilutive effect on the basic earning per share	

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**FALKI CAPITAL (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2019</b>	<b>2018</b>
	<b>RUPEES</b>	<b>RUPEES</b>
<b>23 PATTERN OF EQUITY</b>		
Fateh Khan Malik	34,990,000	34,990,000
Noor Jehan Malik	10,000	10,000
	<u>35,000,000</u>	<u>35,000,000</u>

**24 PROVIDEND FUND**

No Provident fund was maintained by Company.

**25 FINANCIAL INSTRUMENTS**

	Fair value through profit or loss		Amortized cost		Total	
	2019	2018	2019	2018	2019	2018
	(Rupees)					
<b>Financial assets</b>						
Investment-available for sale due to demutualization	30,346,030	30,346,030	-	-	30,346,030	30,346,030
Advances and Deposits	4,044,595	4,042,820	-	-	4,044,595	4,042,820
Marketable Securities	-	120,700	-	-	-	120,700
Trade debtors	300,905	266,463	-	-	300,905	266,463
Cash and Bank Balances	10,935,716	15,079,265	-	-	10,935,716	15,079,265
	<u>45,627,246</u>	<u>49,855,278</u>	<u>-</u>	<u>-</u>	<u>45,627,246</u>	<u>49,855,278</u>
<b>Financial liabilities</b>						
Trade creditors & other payable	8,759,357	13,146,469	-	-	8,759,357	13,146,469
Profit with held( DFC) Contract	49,595	83,780	-	-	49,595	83,780
PSX Exposure Deduction	145,000	95,000	-	-	145,000	95,000
	<u>8,808,952</u>	<u>13,230,249</u>	<u>-</u>	<u>-</u>	<u>8,808,952</u>	<u>13,230,249</u>

**25.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**25.1.1 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.

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**25.1.2 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.

**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:

	<b>2019</b>	<b>2018</b>
	<b>Rupees</b>	
Investment-available for sale due to demutualization	30,346,030	30,346,030
Long term security deposit	1,670,000	1,670,000
Marketable Securities	-	120,700
Trade debtors	300,905	266,463
Cash and bank balance	10,935,716	15,079,265
	<u>43,252,651</u>	<u>47,482,458</u>

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.

**25.1.3 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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**FALKI CAPITAL (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months Rupees	2019 RUPEES		2018
					One to two years	Two to five years	RUPEES
							Over five years
<b>2019</b>							
Gain on demutualization	20,346,030	20,346,030	20,346,030	-	-	-	-
Trade creditors & other payable	8,759,357	8,759,357	-	-	-	-	8,759,357
Accrued expenses: Profit with held( DFC)	357,761	357,761	357,761	-	-	-	-
Contract PSX Exposure Deduction from Clients	49,595	49,595	49,595	-	-	-	-
	145,000	145,000	145,000	-	-	-	-
	<u>29,657,743</u>	<u>29,657,743</u>	<u>20,898,386</u>	-	-	-	<u>8,759,357</u>
	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months Rupees	One to two years	Two to five years	Over five years
<b>2018</b>							
Gain on demutualization	20,346,030	20,346,030	20,346,030	-	-	-	-
Trade creditors & other payable	13,146,469	13,146,469	-	-	-	-	13,146,469
Accrued expenses: Profit with held( DFC)	271,898	271,898	271,898	-	-	-	-
Contract PSX Exposure Deduction from Clients	83,780	83,780	83,780	-	-	-	-
	95,000	95,000	95,000	-	-	-	-
	<u>33,943,177</u>	<u>33,943,177</u>	<u>20,796,708</u>	-	-	-	<u>13,146,469</u>

**25.1.4 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 instruments.

**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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2019 RUPEES	2018 RUPEES
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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.

**26 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.

**27 Transactions With Related Parties**

The related parties and associated undertakings of the Company comprise of associated companies, transactions with related parties and associated undertakings involve advance as long term investment, details are as follows :

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	2019	2018
Brig (Retd.) Fateh Khan Malik	Director Holding 99% of Shares	Loan Payable	700,000	-
		Loan received	-	700,000
		Payable at reporting date	700,000	700,000

**28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

Chief executive and directors are not getting any remuneration and other benefits from company.

**29 NUMBERS OF EMPLOYEES**

Average number of employees during the year  
 Number of employees asat June 30, 2019


7	7
7	7

**30 DATE OF AUTHORIZATION FOR ISSUE**

These Financial statement were authorized for issue on 04 OCT 2019 by the Board of Director of the Company.

**31 GENERAL**

Figures have been rounded off to Nearest Rupee.

  
 \_\_\_\_\_  
 DIRECTOR



  
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 CHIEF EXECUTIVE