NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

Interactive Securities (Pvt) Limited
Financial Statements
For the year ended June 30, 2020

INTERACTIVE SECURITIES (PVT) LIMITED

Room # 81, Second Floor, Stock Exchange Building, I.I. Chundrigar Road, Karachi-74000.
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Trading Right Entitlement Certificate Holder of Pakistan Stock Exchange Limited
(Formerly: Karachi Stock Exchange Limited)

DIRECTORS' REPORT

The Directors take pleasure in presenting their report together with the audited financial statement of the Company for the year June 30, 2020. The working results of the company for the said financial year are given as under:

Financial Results:	**Rupees**
Operating revenue	4,826,678
Operating expenses	(1,348,041)
Operating profit	**3,478,637**
Other charges	-
Other income	3,403,120
Profit before taxation	**6,881,758**
Taxation	(632,580)
Profit after taxation	**6,249,178**

Dividend:

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

Future Prospects:

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

Earnings per Share

Earnings per share for the year ended 30th June 2020 was Rs. **1.56**

Auditors:

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

Karachi:
Dated: 22 SEP 2020

Director

Chief Executive

njmi

NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of Interactive Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Interactive Securities (Private) Limited (the Company)**, which comprise the statement of financial position as at **June 30, 2020** and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (the financial statements), and we state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **June 30, 2020** and of the profit or loss and other comprehensive income or loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company`s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company`s financial reporting process.

Auditor`s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor`s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company`s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of accounts have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

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

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

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Javaid Qasim.

NASIR JAVAID MAQSOOD IMRAN
KARACHI
CHARTERED ACCOUNTANTS

Nasir Javaid Maqsood Imran

Dated: 22 SEP 2020

NASIR JAVAID MAQSOOD IMRAN

INTERACTIVE SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Note	Rupees 2020	Rupees 2019
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	262,817	169,689
Intangible assets	5	5,000,000	5,000,000
Long term investment - *at fair value through other comprehensive income*	6	-	14,055,522
Long term deposits	7	2,000,000	2,004,809
		7,262,817	21,230,020
CURRENT ASSETS			
Receivable from clearing house		81,661	2,629,346
Short term investment	8	19,006,834	5,657,867
Advances, deposits & other receivables	9	6,649,193	10,314,531
Cash & bank balances	10	43,341,625	33,501,168
		69,079,313	52,102,912
TOTAL ASSETS		76,342,129	73,332,932
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
4,000,000 (2019: 4,000,000) ordinary shares of Rs. 10/- each		40,000,000	40,000,000
Issued, subscribed and paid-up capital	11	40,000,000	40,000,000
Reserves		36,185,670	33,180,074
		76,185,670	73,180,074
LIABILITIES			
CURRENT LIABILITIES			
Accrued expenses	12	88,435	152,859
Taxation - net		68,024	-
		156,459	152,859
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		76,342,129	73,332,932

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive

Director

NASIR JAVAID MAQSOOD IMRAN
Initialled for Identification

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

	Note	Rupees 2020	Rupees 2019
REVENUE			
Operating revenue	14	438,753	1,097,083
Capital gain on trading of securities		5,577,446	8,601,239
Unrealised loss on remeasurement of investment at fair value - through profit or loss		(1,189,521)	(899,385)
		4,826,678	8,798,937
Administrative expenses	15	(1,305,972)	(1,102,249)
Finance cost	16	(42,069)	(33,569)
		(1,348,041)	(1,135,818)
Operating profit		3,478,637	7,663,120
Other income	17	3,403,120	886,915
Profit before taxation		6,881,758	8,550,035
Taxation	18	(632,580)	(348,896)
Profit after taxation		6,249,178	8,201,139
Earnings per share - basic & diluted	19.1	1.56	2.05

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive

Director

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

	Note	Rupees 2020	Rupees 2019
Profit after taxation		6,249,178	8,201,139
Other comprehensive loss for the year			
Items that will not be reclassified to statement of profit or loss subsequently			
Unrealised loss on remeasurement of investment - At fair value - through other comprehensive income		(3,243,582)	(7,298,060)
Total comprehensive income for the year		3,005,596	903,079

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive **Director**

YASIR JAVAID MAQSOOD IMRAN Initialled for identification

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

	Note	Rupees 2020	Rupees 2019
Cash flow from operating activities			
Profit before taxation		6,881,758	8,550,035
Add : Items not involved in movement of fund:			
Capital gain on trading of securities		(5,577,446)	(8,601,239)
Unrealised loss on remeasurement of investment at fair value - through profit or loss		1,189,521	899,385
Depreciation		64,872	41,238
Financial charges		42,069	33,569
Cash generated from operating activities beforeworking capital changes		2,600,774	922,987
Net change in working capital	(a)	7,858,272	21,871,176
		10,459,046	22,794,164
Taxes paid		(423,329)	(677,456)
Financial charges paid		(42,069)	(33,569)
Net cash generated from operating activities		9,993,648	22,083,139
Cash flow from investing activities			
Addition in long term deposits		4,809	(1,500,000)
Addition in fixed assets		(158,000)	(93,500)
Net cash used in investing activities		(153,191)	(1,593,500)
Cash flow from financing activities			
Loan paid		-	-
Net cash used in financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		9,840,457	20,489,639
Cash and cash equivalent at beginning of the year		33,501,168	13,011,529
Cash and cash equivalent at end of the year	10	43,341,625	33,501,168
<u>(a) Statement of change in working capital</u>			
(Increase) / decrease in current assets			
Trade receivables		2,547,685	(2,629,346)
Advances, deposits, pre-payment & other receivables		3,524,112	(10,173,304)
Short term investment		1,850,898	34,570,967
		7,922,695	21,768,317
Increase / (decrease) in current Liabilities			
Accrued expenses & other receivables		(64,423)	102,859
Net working capital changes		7,858,272	21,871,176

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive

Director

ASIR JAVAID MAQSOOD IMRAN & Co.
Initialled for identification

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

	Issued, subscribed & paid up capital	Reserves			
		Unappropriated profit	Unrealised gain on remeasurement of investment at fair value-through other comprehensive income	Sub Total	Total
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Balance as at June 30, 2018	**20,000,000**	**41,735,352**	**10,541,642**	**52,276,994**	**72,276,994**
Bonus shares issued	20,000,000	(20,000,000)	-	(20,000,000)	-
Profit for the year	-	8,201,139	-	**8,201,139**	**8,201,139**
Loss on remeasurement of investment - At fair value - through other comprehensive income	-	-	(7,298,060)	**(7,298,060)**	**(7,298,060)**
Balance as at June 30, 2019	**40,000,000**	**29,936,491**	**3,243,582**	**33,180,074**	**73,180,074**
Bonus shares issued			-		-
Profit for the year		6,249,178	-	6,249,178	**6,249,178**
Loss on remeasurement of investment at fair value - through other comprehensive income	-	-	(3,243,582)	(3,243,582)	**(3,243,582)**
Balance as at June 30, 2020	**40,000,000**	**36,185,669**	-	**36,185,670**	**76,185,670**

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive **Director**

Initialled for identification

INTERACTIVE SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Interactive Securities (Private) Limited (the Company) was incorporated in March 13, 2012 as a private limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at Room No. 81, 2nd Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi, Pakistan. The Company is engaged in the business of financial consultancy, brokerage, underwriting and investment counselling. The Company is a Trading Right Certificate Holder of the Pakistan Stock Exchange Limited and member of Pakistan Mercantile Exchange Limited.

1.2 Impact of COVID-19 pandemic

A novel strain of corona virus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown and disruptions to various business. The lockdown however excluded companies involved in the business of supplying necessary consumer goods and rendering essential services. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed. Preparation of financial statements also include disclosure required by Securities Brokers (Licensing and Operations) Regulations, 2016.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for derivatives and investments. Statement of cash flow has been presented on cash basis.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.5 New or Amendments / interpretations to existing standards, interpretation and forth coming requirements:

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2019 other than those disclosed in note 3.1, are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

2.6 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01, 2020.

i) Amendment to IFRS 3 'Business Combinations'– Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

ii) Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

iii) On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

iv) Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

v) Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to the other terms and conditions of the lease.

vi) Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

vii) Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

viii) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

i) IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

ii) IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

iii) IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above improvements to standards are not likely to have material / significant impact on Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 IFRS 16 'Leases'

IFRS 16 has been notified by the Securities and Exchange Commission of Pakistan (SECP) to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the previous guidance in IAS 17 'Leases', IFRIC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC Interpretation 15 Operating Leases—Incentives and SIC Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single on-balance sheet lease accounting model for lessees whereby, at the date of commencement of lease, a lessee is required to recognize a right-of -use asset and a lease liability (except in case short term leases and leases of low value assets). The right-of-use asset represents the lessee's right to use an underlying asset during the lease term and the corresponding lease liability represents the lessee's obligation to make payments to the lessor for providing the right to use that asset. In the IASB's view, this new lessee accounting model reflects the economics of a lease because, at the commencement date, a lessee obtains the right to use an underlying asset for a period of time, and the lessor had delivered that right by making the asset available for use by the lessee.

The aforesaid new accounting model materially differs from the previous lease accounting requirements for lessees whereby a lessee was required to classify its leases either as finance leases or operating leases based on whether the risks and rewards incidental to ownership were substantially transferred to the lessee. Under the previous standard, at the commencement of the lease term, the lessee recognized finance leases as assets and liabilities in its statement of financial position. However, the lessee recognized the payments made under operating leases as an expense on a straight line basis over the lease term unless another systematic basis was more representative of the time pattern of the user's benefit.

The Company does not have any lease arrangement therefore, adoption of IFRS 16 at July 01, 2019 does not have an effect on the financial statements of the Company.

3.2 Property and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit and loss account during the year in which they are incurred.

Disposal of an item of property, plant and equipment is recognized when significant risks and rewards incidental to ownership have been transferred. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within 'Other operating expenses/income in the profit and loss account.

Depreciation is charged to profit and loss account applying the reducing balance method. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month in which the assets become available for use, while no depreciation is charged in the month of disposal.

3.3 Intangible assets

Intangible assets having definite useful life are stated at cost less accumulated amortization and impairment losses, if any however, Intangible assets having indefinite life are stated at cost less impairment losses, if any.

Subsequent cost is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to the statement of profit or loss using reducing balance method over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged in the month in which the asset is disposed off.

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist than the assets recoverable amount is estimated. The recoverable amount is the greater of its value and fair value less cost to sell.

3.3.1 Trading Right Entitlement Certificate

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.3.2 Pakistan Mercantile Exchange - Membership card

Membership card represents corporate membership of Pakistan Mercantile Exchange with indefinite useful life. This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether this is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, this is written down to its estimated recoverable amount.

3.3.3 Computer software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through reducing balance method.

3.4 Investment property

Property that is held for long-term rental yields or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes, is classified as investment property. Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expenses when incurred.

3.5 Financial Instruments

3.5.1 Initial Measurement of financial assets

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

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

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

Subsequent Measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / markeup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in ohter comprehensive income are reclassified the statement of profit or loss account.
Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss account.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in statement profit or loss account.
Financial assets measured at amortized cost	These assets are subsequently measured at authozied cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss account.

3.5.2 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'At Fair Value - Through Profit or Loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.6 Impairment

3.6.1 Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and quantitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial assets has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirely or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.6.2 Impairment of non-financial assets

The carrying amout of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an assets or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized to the statement of profit or loss.

3.7 Derecognition

3.7.1 Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfer the financial assets and substantially all the associated risks and reward of ownership to another entity. On derecognition of financial assets measured at amortized cost, the difference between the assets carrying value and the sum of the consideration received and receivable recognised in statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve reclassified to statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to statement of profit or loss, but is transferred to statement of changes in equity.

3.7.2 Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit or loss.

3.8 Investments

Investment in shares of listed companies are classified as "At Fair Value - Through Profit or Loss" and is initially measured at cost and subsequently is measured at fair value determined using the market value at each reporting date. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Net gains and losses are recognized in statement profit or loss.

3.9 Settlement date accounting

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention wuch as 'T+2' purchases and sales are recognized at the settlement date. Trade date is the date on which the Company commits to purchase or sale an asset.

3.10 Off-setting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements if, and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.11 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off. Actual credit loss experience over past years is used to base the calculation of expected credit loss (ECL)Trade Receivables in respect of securities sold on behalf of client are recorded at settlement date of transaction.

3.12 Fiduciary assets

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

3.13 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.14 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.15 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves, except appropriations which are required by law, made subsequent to the reporting date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends and transfers are approved.

3.16 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method. Trade payables in respect of securities purchased are recorded at settlement date of transaction.

These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3.17 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity or in statement of comprehensive income, in which case it is recognised in equity or in statement of comprehensive income respectively.

i) Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

ii) Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

3.18 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.19 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

3.20 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage, consultancy, advisory fee and commission etc. are recognized as and when such services are provided.
- Income from bank deposits, reverse repo and margin deposits is recognized at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account for the period in which they arise.
- Rental income from investment properties is recognized on accrual basis.
- Other/miscellaneous income is recognized on receipt basis.
- Income on financial assets (including margin financing) is recognised on time proportionate basis taking into account effective / agreed rate of the instrument.
- Unrealised gains / (losses) arising from mark to market of investments classified as 'available for sale' are taken directly to other comprehensive income.
- Gains / (losses) arising on revaluation of derivatives to fair value are taken to profit and loss account under other income / other expenses.

3.21 Operating and administrative expenses

These expenses are recognized in statement of profit or loss upon utilization of the services or as incurred except for specifically stated in the financial statements.

3.22 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalised as part of cost of that asset.

3.23 Earnings per share

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

INTERACTIVE SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
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4 PROPERTY AND EQUIPMENT

	Computer equipments	Furniture & fixtures	Office equipments	Total
	(Rupees)	*(Rupees)*	*(Rupees)*	*(Rupees)*
Net carrying value basis				
Year ended June 30, 2020				
Opening net book value (NBV)	44,793	30,706	94,190	**169,689**
Additions (at cost)	60,000	-	98,000	**158,000**
Disposals (at NBV)		-		**-**
Depreciation charge	(31,438)	(4,606)	(28,829)	**(64,872)**
Closing net book value (NBV)	**73,355**	**26,100**	**163,362**	**262,817**
Gross carrying value basis				
As at June 30, 2020				
Cost	162,750	50,000	221,300	**434,050**
Accumulated depreciation	(89,395)	(23,900)	(57,939)	**(171,233)**
Net book value (NBV)	**73,355**	**26,100**	**163,362**	**262,817**
Net carrying value basis				
Year ended June 30, 2019				
Opening net book value (NBV)	48,790	36,125	32,512	**117,427**
Additions (at cost)	15,200	-	78,300	**93,500**
Disposals (at NBV)	-	-		**-**
Depreciation charge	(19,197)	(5,419)	(16,622)	**(41,238)**
Closing net book value (NBV)	**44,793**	**30,706**	**94,190**	**169,689**
Gross carrying value basis				
As at June 30, 2019				
Cost	102,750	50,000	123,300	**276,050**
Accumulated depreciation	(57,957)	(19,294)	(29,110)	**(106,361)**
Net book value (NBV)	**44,793**	**30,706**	**94,190**	**169,689**
Depreciation Rates per annum (%)	**30**	**15**	**15**	

INTERACTIVE SECURITIES (PRIVATE) LIMITED
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	Note	Rupees 2020	Rupees 2019
5 INTANGIBLE ASSETS			
Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited	5.1	2,500,000	2,500,000
Membership card - Pakistan Mercantile Exchange Limited		2,500,000	2,500,000
		5,000,000	**5,000,000**

5.1 This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. TREC has been recognized at cost less accumulated impairment losses.

6 LONG TERM INVESTMENT
At fair value through other comprehensive income

	Note	Rupees 2020	Rupees 2019
Investment in shares of Pakistan Stock Exchange Limited	6.1	14,055,522	21,353,582
Transfer to short term investments	6.2	(14,055,522)	-
		-	**21,353,582**
Loss on remeasurement of investment at fair value - through other comprehensive income		-	(7,298,060)
Market value		-	**14,055,522**

6.1 This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Company in pursuance of the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

6.2 On August 2019, 1,081,194 ordinary shares of Pakistan Stock Exchange Limited (PSX) previously marked as freezed by the Central Depository Company of Pakistan Limited (CDC) were un-freezed and re-classified as 'available' in its Account Balance Report. Since, as of June 30, 2020, the Company intended to dispose of the investment in due course of time, it was re-classified as a short term investment.

7 LONG TERM DEPOSITS

	Rupees 2020	Rupees 2019
Pakistan Stock Exchange Limited	200,000	204,809
Central Depository Company of Pakistan Limited	200,000	200,000
Pakistan Mercantile Exchange Limited	500,000	500,000
National Clearing Company of Pakistan Limited	1,100,000	1,100,000
	2,000,000	**2,004,809**

INTERACTIVE SECURITIES (PRIVATE) LIMITED
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FOR THE YEAR ENDED JUNE 30, 2020

	Note	Rupees 2020	Rupees 2019
8 SHORT TERM INVESTMENT			
Investments at fair values through profit & loss			
Listed equity shares		20,196,356	6,557,252
Unrealised loss on remeasurement of investment at fair value - through profit or loss	8.1	(1,189,521)	(899,385)
Market value		**19,006,834**	**5,657,867**

8.1 *Listed equity securities*

30 June 2020	June 30, 2019			30 June 2020	June 30, 2019
Number of shares				*Market value in rupees*	
-	7,500	BAHL	BANK AL HABIB LIMITED	-	587,850
-	15,000	OGDC	OIL & GAS DEVELOPMENT COMPANY LIMITED	-	1,972,350
50,000	90,000	PAEL	PAK ELEKTRON LIMITED	1,146,500	2,002,000
25,953	4,759	PSX	PAKISTAN STOCK EXCHANGE LIMITED	256,935	61,867
-	535,000	SILK	SILKBANK LIMITED	-	631,300
-	575,000	WTL	WORLDCALL TELECOM LIMITED	-	402,500
30,000	-	PPL	PAKSITAN PETROLEUM LIMITED	2,603,400	-
105,953	**1,227,259**			**4,006,835**	**5,657,867**

8.2 Shares having market value of Rs. 4,006,310 /- (2019: 3,832,650/-) are pledged as security with commercial banks, PSX and NCCPL for the purpose of borrowings, base minimum capital and exposure requirements.

	Note	Rupees 2020	Rupees 2019
9 ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Exposure deposit	9.1	6,571,034	10,096,672
Advance tax		-	141,227
SST receivable		78,159	24,946
Dividend receivable		-	51,687
		6,649,193	**10,314,531**

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

	Note	Rupees 2020	Rupees 2019
10 CASH & BANK BALANCES			
Cash in hand		83	83
Cash at bank			
- in savings account	10.1&10.2	43,320,942	33,473,485
- in current account		20,600	27,600
		43,341,625	**33,501,168**

10.1 *Bank balance pertains to:*

	Rupees 2020	Rupees 2019
Clients	337,248	398,727
Brokerage House	43,004,294	33,102,357
	43,341,542	**33,501,085**

10.2 The return on these balances is 6% to 13% (2019: 8% to 9.5%) per annum on daily product basis.

	Note	Rupees 2020	Rupees 2019

11 ISSUED, SUBSCRIBED & PAID-UP-CAPITAL

2020	2019		Rupees 2020	Rupees 2019
4,000,000	2,000,000	Ordinary Shares of Rs. 10 /- each - fully paid in cash	40,000,000	20,000,000
		Bonus shares issue		
-	2,000,000	Ordinary shares of Rs. 10 each issued as bonus shares out of reserves	-	20,000,000
4,000,000	**4,000,000**		**40,000,000**	**40,000,000**

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

11.2 Pattern of shareholding

Pattern of shareholding has been disclosed in note 25 of these financial statements.

12 ACCRUED EXPENSES

	Rupees 2020	Rupees 2019
Accrued expenses	87,636	133,338
Other liabilities	799	19,521
	88,435	**152,859**

13 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as on June 30, 2020 (2019: Nil).

14 OPERATING REVENUE

	Note	Rupees 2020	Rupees 2019
Brokerage commission	14.1	43,760	208,571
Less: Sales tax on services		(5,689)	(23,995)
		38,071	187,803
IPO commisssion		-	-
Dividend income		400,682	909,280
		438,753	**1,097,083**

14.1 Brokerage Income - net of sales tax

Equity brokerage

	Rupees 2020	Rupees 2019
- Institutional customers	-	-
- Retail clients	38,071	187,803
	38,071	**187,803**

INTERACTIVE SECURITIES (PRIVATE) LIMITED
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		Note	Rupees 2020	Rupees 2019
15	**ADMINISTRATIVE EXPENSES**			
	Staff salaries		75,000	52,000
	Professional tax		-	15,300
	Legal & professional charges		85,500	200,540
	Auditors' remuneration	15.1	150,000	150,000
	Fees and subscription		103,650	96,000
	I.T. and software expenses		498,047	354,616
	Depreciation		64,872	41,238
	Service and transaction charges		192,697	140,027
	Repair and maintenance		115,000	32,200
	Rent, rates and taxes		-	10,328
	Traveling and conveyance		20,000	10,000
	Misc. Expense		1,205	-
			1,305,972	**1,102,249**
15.1	**Auditors' remuneration**			
	Audit services			
	Annual audit fee		60,000	60,000
	Certifications		45,000	45,000
			105,000	**105,000**
	Non-audit services			
	Other services		45,000	45,000
			45,000	**45,000**
			150,000	**150,000**
16	**FINANCE COST**			
	Markup on bank overdraft		22,068	5,732
	Bank charges		20,001	27,837
			42,069	**33,569**
17	**OTHER INCOME**			
	Profit on exposure deposit		936,021	110,067
	Profit on savings account		2,196,775	776,848
	Profit on disposal of units in mutual fund		270,324	-
			3,403,120	**886,915**

	Note	Rupees 2020	Rupees 2019
18 TAXATION			
Current		632,580	409,098
Prior		-	(60,202)
		632,580	**348,896**
18.1 Relationship between income tax expense and accounting profit			
Profit before taxation		**6,881,758**	**8,550,035**
Tax at the applicable tax rate of 29% (2019 : 29%)		1,995,710	2,479,510
Tax effect of income taxed at lower tax rates		(56,096)	(2,628,415)
Tax effect of exempt income		(1,695,853)	
Tax effect of non deductible expenses		388,820	297,181
Tax effect of Prior year		-	(60,202)
Others		-	260,822
		632,580	**348,896**

18.2 The income tax returns of the Company have been filed up to tax year 2019 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.

19 EARNINGS PER SHARE- BASIC & DILUTED

19.1 Basic earning per share

	2020	2019
Profit after taxation	6,249,178	8,201,139
Number of shares issued up to the end of the year	4,000,000	4,000,000
	1.56	**2.05**

19.2 Diluted earning per share

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

20 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

No remuneration was paid to Chief Executive Officer and director of the Company through out the year. (2019: Nil)

21 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

21.1 Financial instruments by category

21.1.1 Financial assets

2020

	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
Long term loans, advances & deposits	-	-	2,000,000	2,000,000
Short term investments	19,006,834	-	-	19,006,834
Short term deposits, advances & other receivables	-	-	6,730,854	6,730,854
Cash and bank balances	-	-	43,341,625	43,341,625
	19,006,834	**-**	**52,072,479**	**71,079,313**

2019

	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
Long term loans, advances & deposits	-	-	2,004,809	2,004,809
Short term investments	5,657,867	-	-	5,657,867
Cash and bank balances	-	-	33,501,168	33,501,168
	5,657,867	**-**	**35,505,977**	**41,163,844**

21.1.2 Financial liabilities

2020

	Amortised cost	At fair value through profit or loss	Total
Accrued expenses	88,435	-	88,435
	88,435	**-**	**88,435**

2019

	Amortised cost	At fair value through profit or loss	Total
Accrued expenses	152,859	-	152,859
	152,859	**-**	**152,859**

21.2 Financial risk management

- Market risk
- Liquidity risk
- Credit risk
- Operational risk

21.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company is not exposed to such risk.

(ii) Foreign currency risk

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

(iii) Equity price risk

Equity price risk is the risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. Management of the Company estimates that a 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Company's profit by Rs. **565,767/-** and a 10% decrease would result in a decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

21.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet comments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

	2020					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
Financial liabilities						
accrued expenses	88,435	88,435	88,435	88,435	-	-
	88,435	**88,435**	**88,435**	**88,435**	-	-

	2019					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
Financial liabilities						
Accrued expenses	152,859	152,859	152,859	-	-	-
Provision for taxation	-	-	-			
	152,859	**152,859**	**152,859**	-	-	-

21.2.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations.

Exposure to credit risk

Credit risk of the Company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimised due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery. The Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is follows:

	Rupees 2020	Rupees 2019
Long term loans, advances & deposits	2,000,000	2,004,809
Short term investments	19,006,834	5,657,867
Short term deposits, advances & other receivables	6,730,854	10,314,531
Cash and bank balances	43,341,625	33,501,168
	71,079,313	**51,478,375**

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate exposure is significant in relation to the Company's total exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Bank balances

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

	Rupees 2020	Rupees 2019
A1+	43,341,542	33,501,084
	43,341,542	**33,501,084**

21.2.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processess, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks suc as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for Investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas.

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

21.3 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer prices quotations.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Financial assets

	2020			
	Level 1	Level 2	Level 3	Total
At fair value through profit and loss				
Listed securities	19,006,834	-	-	19,006,834
	19,006,834	**-**	**-**	**19,006,834**

	2019			
	Level 1	Level 2	Level 3	Total
At fair value through profit and loss				
Listed securities	5,657,867	-	-	5,657,867
	5,657,867	**-**	**-**	**5,657,867**
At fair value - through other comprehensive income				
Investment in shares of Pakistan Stock Exchange Limited	14,055,522	-	-	14,055,522
	14,055,522	**-**	**-**	**14,055,522**

21.4 Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

22 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment as the Company's asset allocation decisions are based on a single and integrated business strategy.

All non current assets of the Company as at 30 June 2020 are located in Pakistan.

23 RELATED PARTY TRANSACTIONS

Related parties comprise of group companies (the parent company, fellow subsidiaries and the subsidiaries). Key management personnel of the Company and directors and their close family members, major shareholders of the Company and staff provident fund. Transaction with related parties are on arm's lenght basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. During the year, no significant transactions occurred with related parties of the Company.

24 NUMBER OF EMPLOYEES

The total employees at year end excluding the contractual employees were 1 (2019: Nil) and the average number of employees during the year was 1 (2019: Nil).

25 PATTERN OF SHAREHOLDING

Number of Shares	Name of shareholders	June 30, 2020 Percentage of Holding
2,040,000	Muhammad Adnan	51.000%
1,600,000	Aneela Kashaf	40.000%
359,800	Muhammad Shahid	8.995%
200	Muhamamd Iqbal	0.005%
4,000,000		**100%**

26 CAPITAL ADEQUACY LEVEL

	Note	June 30, 2020
Total Assets		76,342,129
Less: Total Liabilities		(156,459)
Less: Revaluation Reserves (Created upon revaluation of Fixed assets)		-
Capital Adequacy Level	**26.1**	76,185,670

26.1 While determining the value of the total assets of the TREC Holder, notional value of the TRE certificate held by the company as at June 30, 2020, as determined by Pakistan Stock Exchange has been considered.

27 NET CAPITAL BALANCE

Net Capital Balance of the Company, as at June 30, 2020, in accordance with the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 and the guidebook issued by Securities and Exchange Commission of Pakistan is Rs.64,444,953 /-.

28 LIQUID CAPITAL BALANCE

Liquid Capital Balance of the Company, as at June 30, 2020, in accordance with the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 is Rs. 63,862,608 /-.

INTERACTIVE SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020

29 AUTHORIZATION FOR ISSUE

These financial statements were approved by the Company's board of directors and authorised for issue on 22 SEP 2020

30 GENERAL

30.1 Figures have been re-arranged and re-classified wherever necessary, for the purpose of better presentation. No major reclassifications were made in these financial statements.

30.2 Figures have been rounded off to the nearest rupee.

Chief Executive

Director

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