

PROGRESSIVE INVESTMENT MANAGEMENT LIMITED

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

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Independent auditor's report to the members of Progressive Investment Management (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Progressive Investment Management (Private) Limited, which comprise the statement of financial position as at June 30, 2021, 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, 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 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, 2021 and of the profit, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the 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 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and
- the company was in compliance with the requirements of section 79 of the Securities Act, 2015 and the relevant requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared.

The engagement partner on the audit resulting in this independent auditor's report is Zahid Hussain Zahid, FCA.

MUSHTAQ & CO.
Chartered Accountants



Karachi.
Dated: _____

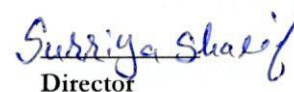
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PROGRESSIVE INVESTMENT MANAGEMENT (PVT.) LIMITED**Statement of Financial Position****As at 30 June 2021**

		2021	2020
ASSETS	Note	Rupees	Rupees
Non-current assets			
Property and equipment	4	127,580	155,446
Intangible assets	5	2,500,000	2,515,000
Long term investments	6	50,890,292	43,850,013
Long term deposits	7	1,500,000	1,500,000
		55,017,872	48,020,459
Current assets			
Trade debts - net	8	1,247,093	1,352,283
Deposits, prepayments and other receivables	9	9,386,387	2,770,301
Other receivables	10	1,867,307	-
Income tax refundable	11	883,844	747,135
Short term investments	12	7,536,910	3,346,989
Cash and bank balances	13	17,139,364	8,127,141
		38,060,905	16,343,849
		93,078,777	64,364,308
EQUITY & LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	14	46,092,320	46,092,320
Accumulated Gain / (loss)		1,656,295	(4,296,134)
Share Deposit Money		4,000,000	-
Unrealized surplus / (deficit) on re-measurement of investments measured at FVOCI		20,544,262	13,503,983
Total equity		72,292,877	55,300,169
Deferred Liabilities	15	-	-
Current liabilities			
Trade and other payables	16	19,701,763	8,883,848
Provision for taxation	17	1,084,137	180,290
		20,785,900	9,064,138
Contingencies and commitments	18	-	-
		93,078,777	64,364,308

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


Chief Executive Officer


Director

PROGRESSIVE INVESTMENT MANAGEMENT (PVT.) LIMITED**Income Statement****For the Year ended June 30, 2021**

	Note	2021 Rupees	2020 Rupees
Operating revenue	19	11,736,166	4,007,824
Gain/(loss) on sale of short term investments		874,266	1,161,967
Unrealized gain/(loss) on remeasurement of investments classified at FVTPL		334,384	(730,258)
		<u>12,944,816</u>	<u>4,439,533</u>
Operating and administrative expenses	20	(6,092,645)	(6,008,102)
Operating Profit/(Loss)		<u>6,852,171</u>	<u>(1,568,570)</u>
Financial charges	21	(4,412)	(11,416)
Other income and losses	22	188,852	518,242
Profit/(Loss) before taxation		<u>7,036,611</u>	<u>(1,061,744)</u>
Taxation	23	(1,084,182)	(207,302)
Profit / (Loss) for the year		<u><u>5,952,429</u></u>	<u><u>(1,269,046)</u></u>
Earning / (Loss) per share - basic	24	<u><u>1.29</u></u>	<u><u>(0.28)</u></u>

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


Chief Executive Officer


Director

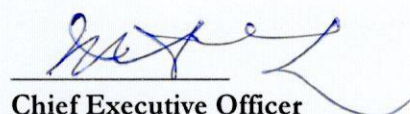
PROGRESSIVE INVESTMENT MANAGEMENT (PVT.) LIMITED

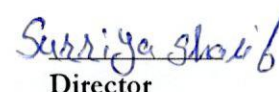
Statement of Comprehensive Income

For the Year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
Loss for the year		5,952,429	(1,269,046)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Investments at fair value through other comprehensive income			
Fair value Gain/(Loss) arised during the period		7,040,279	1,092,457
Total comprehensive loss for the year		<u>12,992,708</u>	<u>(176,589)</u>

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


Chief Executive Officer


Director

PROGRESSIVE INVESTMENT MANAGEMENT (PVT.) LIMITED

Statement of Changes in Equity For the Year ended June 30, 2021

Issued, subscribed and paid-up capital	Revenue reserve	Capital reserve	Share deposit money	Total	
	Accumulated loss	Unrealized surplus / (deficit) on re- measurement of investments measured at FVOCI			
.....Rupees.....					
Balance as at July 1, 2019	46,092,320	(3,027,087)	12,411,526	-	55,476,759
Total comprehensive income for the year					
Loss for the year	-	(1,269,046)	-	-	(1,269,046)
Other comprehensive income/(loss)	-	-	1,092,457	-	1,092,457
	-	(1,269,046)	1,092,457	-	(176,589)
Balance as at June 30, 2020	46,092,320	(4,296,134)	13,503,983	-	55,300,169
Total comprehensive income for the year					
Loss for the year	-	5,952,429	-	-	5,952,429
Other comprehensive income/(loss)	-	-	7,040,279	-	7,040,279
	-	5,952,429	7,040,279	-	12,992,708
Amount received for issue of shares	-	-	-	4,000,000	4,000,000
	-	-	-	4,000,000	4,000,000
Balance as at June, 2021	46,092,320	1,656,295	20,544,262	4,000,000	72,292,877

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

Chief Executive Officer

Director

PROGRESSIVE INVESTMENT MANAGEMENT (PVT.) LIMITED

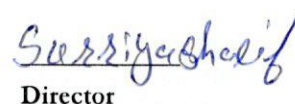
Statement of Cash Flows

For the Year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		7,036,611	(1,061,744)
Adjustments:			
Depreciation and impairment		32,868	43,951
Amortization		15,000	30,000
Dividend income		(1,887,819)	(832,919)
Provision for / (reversal of provision for) doubtful debts		(766,057)	1,624,901
Realized loss / (gain) on sale of investments		(874,266)	(1,161,967)
Unrealized loss / (gain) on short-term investments		(334,384)	730,258
		(3,814,658)	434,224
Operating profit before working capital changes		3,221,953	(627,520)
(Increase)/decrease in current assets			
Trade debts - net		871,247	(1,231,572)
Deposits, prepayments and other receivables		(6,616,086)	1,560,696
Other receivables		(1,867,307)	-
Increase/(decrease) in current liabilities			
Trade and other payables		10,817,915	4,578,967
		3,205,769	4,908,091
Cash generated from / (used in) operations		6,427,722	4,280,571
Proceeds from net sales of / (acquisition of) short-term investments		(2,981,272)	433,235
Dividend received		1,887,819	832,919
Taxes paid		(317,046)	(134,966)
		(1,410,499)	1,131,188
Net cash from operating activities		5,017,223	5,411,759
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of computer equipment		(5,000)	-
Decrease / (increase) in long-term deposits		-	(300,000)
Net cash generated from / (used in) investing activities		(5,000)	(300,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money received		4,000,000	-
Net cash generated from / (used in) financing activities		4,000,000	-
Net (decrease)/increase in cash and cash equivalents		9,012,223	5,111,759
Cash and cash equivalents at the beginning of the year		8,127,141	3,015,383
Cash and cash equivalents at the end of the year	13	17,139,364	8,127,141

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


Chief Executive Officer


Director

PROGRESSIVE INVESTMENT MANAGEMENT (PVT.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

Progressive Investment Management (Private) Limited (the "Company") was incorporated in Pakistan on June, 1994 as a private limited company, limited by shares, under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company's registered office is situated at Islamabad Stock Exchange towers. The Company is a holder of Trading Rights Entitlement Certificate ("TREC") of Pakistan Stock Exchange Limited. The Company is principally engaged in the business of investment advisory, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

2 ACCOUNTING CONVENTION AND BASIS FOR PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRS" or "IFRSs") issued by the International Accounting Standards Board ("IASB") as are notified under the Companies Act, 2017, provisions of or directives issued under the Companies Act, 2017, and relevant provisions of the Securities Brokers (Licensing and Operations) Regulations 2016 (the "Regulations"). In case requirements differ, the provisions or directives of the Companies Act, 2017 and/or the Regulations shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except:

- Investments in quoted equity securities (whether classified as assets at fair value through profit or loss, or at fair value through other comprehensive income), which are carried at fair value;
- Investments in unquoted equities, measured at fair value through other comprehensive income;
- Investments in associates, which are recorded in accordance with the equity method of accounting for such investments; and
- Derivative financial instruments, which are marked-to-market as appropriate under relevant accounting and reporting standards.

2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company

IAS 1	Presentation of financial statements (Amendments)	January 1, 2023
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IFRS 7	Financial Instruments : Disclosures (Amendments)	January 1, 2021
IFRS 9	Financial Instruments (Amendments)	January 1, 2021
IFRS 16	Leases (Amendments)	January 1, 2021

The management anticipates that adoption of above standards, amendments and interpretations in future

periods, will have no material impact on the financial statements other than in presentation / disclosures.

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

IFRS 1	First-time Adoption of International Financial Reporting
IFRS 17	Insurance

The following interpretation issued by the IASB has been waived off by SECP:

IFRIC 12 Service concession arrangements

As per Securities and Exchange Commission of Pakistan (SECP) SRO 985 (1)/ 2019, dated September 2, 2019, for companies holding financial assets due from Government of Pakistan, the requirements contained in IFRS 9 with respect to expected credit losses method shall not be applicable till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39 – Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period. The Company has assessed that the above SRO does not have any significant impact on its financial statements.

2.4 Accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are continually evaluated and are based on historical experience as well as expectations of future events 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.

Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements, are as follows:

- (i) Estimates of useful lives and residual values of items of property, plant and equipment;
- (ii) Estimates of useful lives of intangible assets;
- (iii) Allowance for credit losses;
- (iv) Fair values of unquoted equity investments;
- (v) Classification, recognition, measurement / valuation of financial instruments; and
- (vi) Provision for taxation

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented;

3.1 Financial assets and liabilities

Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value and subsequent to initial recognition changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Derecognition

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

Financial Liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

3.2

Impairment

Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.



3.3 **Property and equipment**

Items of property and equipment are stated at cost less accumulated depreciation (if any) and impairment losses (if any). Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, 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. Where such subsequent costs are incurred to replace parts and are capitalized, the carrying amount of replaced parts is derecognized. All other repair and maintenance expenditures are charged to profit or loss during the year in which they are incurred.

Depreciation on all items of property and equipment is calculated using the reducing balance method, in accordance with the rates specified in note 4 to these financial statements and after taking into account residual value, if material. Residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation is charged on an asset from when the asset is available for use until the asset is disposed of.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on asset derecognition (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year in which the asset is derecognized.

3.4 **Intangible assets**

Intangible assets with indefinite useful lives, including Trading Right Entitlement Certificate ("TREC"), are stated at cost less accumulated impairment losses, if any. An intangible asset is considered as having an indefinite useful life when, based on an analysis of all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortized. However, it is tested for impairment at each balance sheet date or whenever there is an indication that the asset may be impaired. Gains or losses on disposal of intangible assets, if any, are recognized in the profit and loss account during the year in which the assets are disposed of.


3.5 **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), used 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 expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

For the purpose of subsequent measurement, the Company determines with sufficient regularity the fair value of the items of investment property based on available active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Valuations wherever needed are performed as of the reporting date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property. Changes in fair values are recognized in the profit and loss account.



3.6 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset (and the net amount is reported in the financial statements) when the Company has a legally enforceable right to offset the recognized amounts and the Company intends to either settle on a net basis or to realize the assets and settle the liabilities simultaneously. When financial assets and financial liabilities are offset in the statement of financial position, the related income and expense items are also offset in the statement of income, unless specifically prohibited by an applicable accounting standard.

3.7 Investment in associates

Associates are all entities over which the Company has significant influence but not control. Investments in associates where the Company has significant influence are accounted for using the equity method of accounting. Under the equity method of accounting, investments in associates are initially recognized at cost and the carrying amount of investment is increased or decreased to recognize the Company's share of the associate's post-acquisition profits or losses in income, and its share of the post-acquisition movement in reserves is recognized in other comprehensive income.

3.8 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using rates enacted or substantively enacted at the reporting date, and takes into account tax credits, exemptions and rebates available, if any. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated using rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. In this regard the effects on deferred taxation on the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release-27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax is charged or credited to the income statement, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity. There is a minor difference between carrying values and tax base so deferred tax is not booked in current year.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried at cost and include cash in hand, balances with banks in current and deposit accounts, stamps in hand, other short-term highly liquid investments with original maturities of less than three months and short-term running finances.

3.10 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. They are classified as current if payment is due within twelve months of the reporting date, and as non-current otherwise.



3.11 Provisions

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

3.12 Borrowings

These are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount unpaid at the reporting date.

3.13 Borrowing costs

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

3.14 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company.

3.15 Revenue recognition

Revenue is recognized to the extent that it is probable that 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 and commission income is recognized when brokerage services are rendered.
- Dividend income is recognized when the right to receive the dividend is established.
- Return on deposits is recognized using the effective interest method.
- Income on fixed term investments is recognized using the effective interest method.
- 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 marking to market financial assets are included in profit and loss (for assets measured at FVTPL) or OCI (for assets measured at FVOCI) during the period in which they arise.

3.16 Foreign currency transactions

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

3.17 Functional and presentation currency

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

3.18 Derivative financial instruments

Derivative financial instruments are recognized at their fair value on the date on which a derivative contract is entered into. Subsequently, any changes in fair values arising on marking to market of these instruments are taken to the profit and loss account.

3.19 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted and recorded at rates that are not less than market.



3.20 Capital Management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further the company is not subject to externally imposed capital requirements.



4 PROPERTY AND EQUIPMENT

Particulars	2021									
	Cost			Accumulated Depreciation			Net Book Value as at 30		Rate of Depreciation	
	As at 1 July 2020	Additions	Disposals	As at 30 June 2021	As at 1 July 2020	Disposals	For the year	As at 30 June 2021	June 2021	%age
Office Equipment	164,170	-	-	164,170	140,186	-	2,398	142,384	21,586	10
Computer Equipment	420,406	5,000	-	425,406	354,979	-	19,878	374,857	50,549	30
Furniture and fixtures	354,500	-	-	354,500	315,049	-	3,945	318,994	35,506	10
Office renovation	758,520	-	-	758,521	731,936	-	6,646	738,582	19,939	25
	1,697,596	5,000	-	1,702,597	1,542,150	-	32,868	1,575,017	127,580	
Particulars	2020									
	Cost			Accumulated Depreciation			Net Book Value as at 30		Rate of Depreciation	
	As at 1 July 2019	Additions	Disposals	As at 30 June 2020	As at 1 July 2019	Disposals	For the year	As at 30 June 2020	June 2020	%age
Office Equipment	164,170	-	-	164,170	137,521	-	2,665	140,186	23,984	10
Computer Equipment	420,406	-	-	420,406	326,939	-	28,040	354,979	65,427	30
Furniture and fixtures	354,500	-	-	354,500	310,665	-	4,384	315,049	39,451	10
Office renovation	758,520	-	-	758,520	723,074	-	8,862	731,936	26,584	25
	1,697,596	-	-	1,697,596	1,498,199	-	43,951	1,542,150	155,446	

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PROGRESSIVE INVESTMENT MANAGEMENT (PVT.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2021

5 INTANGIBLE ASSETS

Trading Rights Entitlement Certificate ("TREC")

Back office software

Impairment

Note	2021 Rupees	2020 Rupees
5.1	2,500,000	2,500,000
	-	15,000
	2,500,000	2,515,000
	-	-
	2,500,000	2,515,000

- 5.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.

The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. The TREC, which has been pledged with the PSX to meet Base Minimum Capital ("BMC") requirements, is assessed for impairment in accordance with relevant approved accounting standards.

Vide its notice dated November 10, 2017, the PSX revised the notional value of the TREC to PKR 2.5 million. As a result, the Company recognized an impairment loss on the TREC in the amount of PKR 1.5 million in fiscal year 2018. Since then there is no change in the notional value of the TRE Certificate till 30 June 2021.

6 LONG-TERM INVESTMENTS

Investments at fair value through OCI

ISE REIT Management Company Limited (unquoted) - at fair value

Adjustment for remeasurement to fair value

Note	2021 Rupees	2020 Rupees
6.1	43,850,013	42,757,556
	7,040,279	1,092,457
	50,890,292	43,850,013

- 6.1 As a result of the demutualization and corporatization of stock exchanges as detailed in note 6.1, the Company received 3,034,603 shares at Rs.10 each share, of ISE Towers REIT Management Limited. Of these, 60% (1,820,762 shares) were held in a separate Central Depository Company Limited ("CDC") sub-account, blocked until they are sold to strategic investors, financial institutions and/or the general public. The remaining shares (40% of total, or 1,213,841 shares) were allotted to the Company.

These shares are neither listed on any exchange nor are they actively traded. As a result, fair value has been estimated by reference to the latest break-up value of Rs. 16.77 according to audited financial statements of ISE REIT Management Company Limited for the year ended June 30, 2021 (2020: Rs. 14.45) or net asset value per share of these shares notified by ISE Towers REIT Management Limited.

7 LONG-TERM DEPOSITS

Central Depository Company Limited

National Clearing Company of Pakistan Limited

Note	2021 Rupees	2020 Rupees
	100,000	100,000
	1,400,000	1,400,000
	1,500,000	1,500,000

8 TRADE DEBTS

	Note	2021 Rupees	2020 Rupees
Considered good	8.1	1,247,093	1,352,283
Considered doubtful		829,540	1,840,440
		<u>2,076,633</u>	<u>3,192,723</u>
Less: Allowance for ECL on trade debts	8.1	829,540	1,840,440
		<u>1,247,093</u>	<u>1,352,283</u>

8.1 Allowance for ECL on trade debts:

Opening balance (as at July 1)		1,840,440	215,539
Charged to profit and loss during the year		-	1,624,901
		<u>1,840,440</u>	<u>1,840,440</u>
Allowance reversed during the year	8.1.1	(766,057)	-
Bad debts written off during the year		(244,843)	-
Closing balance (as at June 30)		<u>829,540</u>	<u>1,840,440</u>

8.1.1 During the year, debtors were recovered and provision against those debtors was no longer required.

8.2 Trade debts include due from related party as follows:

Muhammad Sharif		335,668	965,010
Ahmed Sharif		-	7,675
Surriya Sharif		9,572	8,998
		<u>345,240</u>	<u>981,682</u>
Less: Allowance for ECL		-	(754,185)
		<u>345,240</u>	<u>227,497</u>

8.3 The aging of receivable from related party as at the reporting date is as follows:

Not past due	-	176,590
Past due 0 - 30 days	-	475,846
Past due 31 - 90 days	-	320,249
Past due 91 - 1 year	345,240	8,998
Past due more than 1 year	-	-
	<u>345,240</u>	<u>981,682</u>
Impairment	-	(754,185)
	<u>345,240</u>	<u>227,497</u>

8.4 The maximum aggregate amount outstanding by reference to month end balances is Rs. 3,912,224 (2020: Rs. 1,069,498)

9 TRADE DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES

Margin deposits-Ready Market	3,105,000	695,000
Other deposits-ISE REIT Management Co. Ltd	120,960	120,960
Advance to Employees	330,500	-
Margin Deposit- NCSS futures and other receivables	5,829,927	1,954,341
	<u>9,386,387</u>	<u>2,770,301</u>

10 OTHER RECEIVABLES

Receivable from NCCPL	1,867,307	-
	<u>1,867,307</u>	<u>-</u>

11 INCOME TAX REFUNDABLE

Opening balance (as at July 1)
Add: Current year additions
Less: Adjustment against provision for taxation
Balance at the end of the year

Note	2021 Rupees	2020 Rupees
	747,135	713,333
	284,241	134,966
	1,031,376	848,299
	147,532	101,164
	883,844	747,135

12 SHORT TERM INVESTMENTS**Investments at fair value through profit or loss**

Investments in listed securities

Cost

Fair value adjustment

Note	2021 Rupees	2020 Rupees
	7,202,526	4,077,246
	334,384	(730,257)
	7,536,910	3,346,989

Market Values

Artistic denim: 500 (2020: Nil) Shares	45,450	-
Avanceon limited 8000(2020: 1500) Shares	733,440	53,040
Bank of punjab Nil (2020: 10000) Shares	-	84,000
Byco petroleum pakistan limited Nil (2020: 10000) Shares	-	60,200
Engro fertilizer 50000(2020: 12000) Shares	3,513,500	723,360
Fauji fertilizer 12000(2020: Nil) Shares	1,273,200	-
Fauji foods Nil (2020: 35000) Shares	-	330,750
Hascol limited 18000(2020: 10000) Shares	160,740	136,000
Lotte pakistan Nil (2020: 10000) Shares	-	99,500
Pak oil fields 500(2020: 1000) Shares	196,930	350,630
Pakistan state oil 1000 (2020: 1000) Shares	224,250	158,160
K-electric limited 100000 (2020: Nil) Shares	418,000	-
Worldcall telecom 100000 (2020: Nil) Shares	396,000	-
Sitara peroxide Nil (2020: 20000) Shares	-	408,200
TPL corporation limited Nil (2020: 50000) Shares	-	258,500
Frieslandcampina engro pakistan limited 5000 (2020: 5000) Shares	575,400	367,550
Pakistan international bulk terminal Nil (2020: 25000) Shares	-	220,000
Pak suzuki motor company limited Nil (2020: 600) Shares	-	97,098
	7,536,910	3,346,988

13 CASH AND BANK BALANCES

Cash in hand

Cash at bank

Current accounts

	721,771	639,223
13.1	16,417,593	7,487,918
	17,139,364	8,127,141

13.1 Cash in current accounts includes customers' assets in the amount of PKR 15,643,913 (2020: PKR 7,247,705) held in designated bank accounts.

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**14.1 Authorized capital**

5,000,000 (2020: 5,000,000) ordinary shares of PKR 10 each.

Note	2021 Rupees	2020 Rupees
------	----------------	----------------

50,000,000

50,000,000

14.2 Issued, subscribed and paid-up share capital

4,609,232 (2020: 4,609,232) ordinary shares of PKR 10/- each, issued for cash

46,092,320

46,092,320

46,092,320

46,092,320

14.3 Shareholders holding 5% or more of total shareholding

	Number of Shares		Percentage	
	2021	2020	2021	2020
Mr. Muhammad Sharif	2,193,232	2,193,232	48%	48%
Mrs. Suraiya Sharif	844,000	844,000	18%	18%
Mr. Ahmed Sharif	844,000	844,000	18%	18%
Ms. Sara Sharif	364,000	364,000	8%	8%
Mrs. Sadia Sharif	364,000	364,000	8%	8%

15 Deferred Liabilities**15.1 Deferred Taxation**

Deferred tax liabilities / (assets) arising due to taxable /(deductible) temporary differences are as follows:

Taxable temporary differences (deferred tax liabilities):

Accelerated tax depreciation

9,936

12,954

Short term investments

96,971

-

Deductible temporary differences (deferred tax assets):

ECL on Trade debts

(240,567)

(533,728)

Deferred tax on minimum tax

(751,757)

(26,536)

Brought forward tax losses

(925,146)

(510,051)

(1,810,562)

(1,057,360)

15.1.1 As at June 30, 2021, deferred tax asset amounting to Rs. 1,810,562 (June 30, 2020: Rs. 1,057,360) has not been recognized in these financial statements as the Company does not foresee sufficient taxable profits in future.

16 TRADE AND OTHER PAYABLES

Trade creditors

16.1

18,631,352

8,590,130

Accrued expenses and other payables

127,747

113,725

Auditor's remuneration payable

125,000

125,000

NCSS future payable

240,705

-

Nccpl dfc payable

285,578

-

Other payable

291,381

54,993

19,701,763

8,883,848

16.1 This includes PKR 21,339 (2020: PKR 9,487) due to related parties.

17 PROVISION FOR TAXATION

	Note	2021 Rupees	2020 Rupees
Balance at the beginning of the year		180,290	74,152
Add: current year provision		1,084,182	207,302
		<u>1,264,472</u>	<u>281,454</u>
Less: Tax paid/adjustment against advance tax		180,335	101,164
Balance at the end of the year		<u>1,084,137</u>	<u>180,290</u>

18 CONTINGENCIES AND COMMITMENTS

18.1 There are no contingencies or commitments of the Company as at June 30, 2021 (2020: Nil).

19 OPERATING REVENUE

Brokerage income		9,848,347	3,174,905
Dividend income		1,887,819	832,919
		<u>11,736,166</u>	<u>4,007,824</u>

20 OPERATING & ADMINISTRATIVE EXPENSES

Staff salaries, allowances and other benefits		2,295,000	1,531,500
Directors' remuneration		595,000	134,000
Communication expense		238,567	175,142
Postage and courier charges		23,921	23,921
Entertainment		194,413	184,179
Printing and stationery		109,544	75,921
Rent		1,231,730	1,123,913
CDC trading charges		157,218	99,841
NCCPL trading charges		850,327	231,695
Provision for / (reversal) of provision for doubtful debts		(766,057)	1,624,901
PSX trading charges		424,185	322,760
Fee and subscription		60,000	50,000
Legal and professional charges		408,725	94,425
Auditor's remuneration	20.1	125,000	145,000
Accounting Software Maintenance Charges		97,090	110,410
Misc. expenses		114	6,543
Depreciation	4	32,868	43,951
Amortization		15,000	30,000
		<u>6,092,645</u>	<u>6,008,102</u>

20.1. Auditor's remuneration

Statutory audit		125,000	125,000
Certifications and other charges		-	20,000
		<u>125,000</u>	<u>145,000</u>

21 FINANCIAL CHARGES

Bank and other charges		4,412	11,416
		<u>4,412</u>	<u>11,416</u>

22 OTHER INCOME / LOSSES

Profit on NCCPL Deposits		159,820	60,350
Sundry / miscellaneous income		29,032	457,892
		<u>188,852</u>	<u>518,242</u>

7m

23 TAXATION

Current tax expense / (income)

for the year
prior years

Note	2021 Rupees	2020 Rupees
	1,084,137	180,290
	45	27,012
	<u>1,084,182</u>	<u>207,302</u>

- 23.1 Reconciliation of applicable rate and effective rate of tax has not been made due to the application of minimum tax u/s 113 in current year.

24. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax for the year by the weighted average number of shares outstanding during the period, as follows:

	2021 Rupees	2020 Rupees
Profit / (loss) after taxation, attributable to ordinary shareholders	5,952,429	(1,269,046)
Weighted average number of ordinary shares in issue during the year	4,609,232	4,609,232
Earnings per share	1.29	(0.28)

No figure for diluted earnings per share has been presented as the Company has not issued any dilutive instruments carrying options which would have an impact on earnings per share when exercised.

25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including benefits, to the chief executive, directors and executives of the Company as per the terms of their employment are as follows:

	2021		2020	
	Remuneration	No. of persons	Remuneration	No. of persons
Chief Executive Officer	-	1	-	1
Directors	595,000	1	134,000	1

No person falls under the definition of executive.

26 FAIR VALUE OF FINANCIAL INSTRUMENTS BY CATEGORY

2021				
	Amortized cost	FVOCI	FVTPL	Total
Rupees				
ASSETS				
Non-current assets				
Long term deposits	1,500,000	-	-	1,500,000
Long term investments	-	50,890,292	-	50,890,292
Current assets				
Short-term investments	-	-	7,536,910	7,536,910
Trade debts - net	1,247,093	-	-	1,247,093
Deposits, prepayments and other receivables	9,386,387	-	-	9,386,387
Cash and bank balances	17,139,364	-	-	17,139,364
LIABILITIES				
Current liabilities				
Trade and other payables	19,701,763	-	-	19,701,763

2020				
	Amortized cost	FVOCI	FVTPL	Total
Rupees				
ASSETS				
Non-current assets				
Long-term deposits	1,500,000	-	-	1,500,000
Long term investments	-	43,850,013	-	43,850,013
Current assets				
Short-term investments	-	-	3,346,989	3,346,989
Trade debts - net	1,352,283	-	-	1,352,283
Deposits, prepayments and other receivables	2,770,301	-	-	2,770,301
Cash and bank balances	8,127,141	-	-	8,127,141
LIABILITIES				
Current liabilities				
Trade and other payables	8,883,848	-	-	8,883,848

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

26.1 Fair value hierarchy

The table below analyzes financial assets that are measured at fair value, by valuation method. The different levels have been defined as follows

- Level 1 : Quoted prices in active markets for identical assets and liabilities;
- Level 2 : Observable inputs; and
- Level 3 : Unobservable inputs.

The Company held the following financial assets at fair value:

		Level 1	Level 2	Level 3	Total
		-----Rupees-----			
June 30, 2021	Note				
At fair value through other comprehensive income					
Long Term Investments	26.2.1	-	50,890,292	-	50,890,292
At fair value through profit or loss					
Short Term Investments	26.2.2	7,536,910	-	-	7,536,910
June 30, 2020					
At fair value through other comprehensive income					
Long Term Investments		-	43,850,013	-	43,850,013
At fair value through profit or loss					
Short Term Investments		3,346,989	-	-	3,346,989

26.2 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

26.2.1 Long Term Investments

These shares are neither listed on any exchange nor are they actively traded. As a result, fair value has been estimated by reference to the latest break-up value according to audited financial statements of ISE REIT Management Company Limited for the year ended June 30, 2021

26.2.2 Short Term Investments

The fair value of held for trading investment is determined by reference to their quoted closing value at the reporting date.

27.1 Risk management framework

The Director / Chief Executive has overall responsibility for the establishment and oversight of the Company's risk management framework. He is also responsible for developing and monitoring the Company's risk management policies, which are monitored and assessed for effectiveness throughout the year. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to establish internal control over risk. Through its training and management standards and procedures, the Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company has established adequate procedures to manage each of these risks as explained below.

27.2 Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market interest rates, changes in the credit rating of the issuer of the instruments, change in market sentiments, speculative activities, supply and demand of securities and/or changes in liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

27.2.1 Currency risk

Currency risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to major foreign exchange risk in this respect.

27.2.2 Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the maturity / repricing of financial assets and liabilities through appropriate policies.

27.2.3 Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices, whether such changes are due to factors specific to individual financial instruments (including factors specific to issuers of such instruments) or due to macroeconomic or other factor affecting similar financial instruments being traded in the market.

The Company is exposed to price risk in respect of investments carried at fair value (whether as available-for-sale investments or as instruments at fair value through profit or loss). Such price risk comprises both the risk that price of individual equity investments will fluctuate and the risk that there will be an index-wide movement in prices. Measures taken by the Company to monitor, manage and mitigate price risk include daily monitoring of movements in stock indexes (such as the KSE 100 index) as well as of the correlation between the Company's investment portfolio with stock indexes.

27.3 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. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, loans and advances, investments and other receivables. The carrying amount of financial assets represents the maximum credit exposure, although this maximum is a theoretical formulation as the Company frequency holds collateral against potential credit losses.

Measures taken by management to manage and mitigate credit risk include:

- Development of and compliance with risk management, investment and operational policies / guidelines (including guidelines in respect of entering into financial contracts);
- Assignment of trading limits to clients in accordance with their net worth;
- Collection / maintenance of sufficient and proper margins from clients;
- Initial and ongoing client due diligence procedures, where clients' financial position, past experience and other factors are considered;
- Collection and maintenance of collateral if, as and when deemed necessary and appropriate;
- Diversification of client and investments portfolios; and
- Engagement with creditworthy / high credit rating parties such as banks, clearing houses and stock exchanges.

The Company continually monitors the quality of its debtor portfolio, both on an individual and portfolio basis, and provides against credit losses after considering the age of receivables, nature / quantum of collateral and debtor-specific factors (such as creditworthiness and repayment capacity).

The carrying amount of financial assets, which represents the maximum credit exposure before consideration of collateral and counterparty creditworthiness, is as specified below:

	2021	2020
Long term investments	50,890,292	43,850,013
Long term deposits	1,500,000	1,500,000
Trade debts - net	1,247,093	1,352,283
Deposits, prepayments and other receivables	9,386,387	2,770,301
Short term investments	7,536,910	3,346,989
Cash and bank balances	17,139,364	8,127,141
	<u>87,700,047</u>	<u>60,946,727</u>

27.3.1 Aging and movement in Impairment losses

	2021	2020
The aging of receivables as at the reporting date is as follows:		
Not past due	680,189	429,230
Past due 0 - 30 days	126,189	542,361
Past due 31 - 90 days	215,410	803,263
Past due 91 - 1 year	770,622	1,042,172
Past due more than 1 year	284,223	375,698
	<u>2,076,633</u>	<u>3,192,724</u>
Impairment	<u>(829,540)</u>	<u>(1,840,440)</u>
	<u>1,247,093</u>	<u>1,352,284</u>

The movement in allowance for impairment in respect of receivables during the year is as follows:

As at beginning of the year	1,840,440	215,539
Impairment loss recognized	-	1,624,901
Impairment loss reversed	(766,057)	-
Bad debts written off	(244,843)	-
As at end of the year	<u>829,540</u>	<u>1,840,440</u>

27.4 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations, settled by delivering cash or another financial asset, as they fall due. Prudent liquidity risk management requires the maintenance of sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to the dynamic nature of the business and the industry it operates in. The Company finances its operations through equity and, as and when necessary, borrowings, with a view to maintaining an appropriate mix between various sources of financing.

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The table below classifies the Company's financial liabilities into relevant maturity groupings based on the time to contractual maturity date, as at the balance sheet date. The amounts in the table are contractual undiscounted cash flows.

Financial liabilities	As at June 30, 2021		
	Carrying amount	Within one year	More than one year
Trade and other payables	19,701,763	19,701,763	-
Total	19,701,763	19,701,763	-

Financial liabilities	As at June 30, 2020		
	Carrying amount	Within one year	More than one year
Trade and other payables	8,883,848	8,883,848	-
Total	8,883,848	8,883,848	-

The Company does not expect that the timing or quantum of cash flows outlined in the table above will change significantly, and as a result expects to be able to fulfill its obligations as they come due.

27.5 Other Price Risk

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

The company is not exposed to commodity price risk as it does not hold financial instruments based commodity prices.

28 CAPITAL RISK MANAGEMENT

The Company's objective in managing capital is to ensure that the Company is able to continue as a going concern so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. As well, the Company has to comply with capital requirements as specified under the Securities Brokers (Licensing and Operations) Regulations, 2016 (as well as other relevant directives from regulating bodies issued from time to time).

Consistent with industry practice, the Company manages its capital risk by monitoring its debt levels and liquid assets, keeping in view future investment requirements.

29 **RELATED PARTY TRANSACTIONS**

The related parties of the Company comprise of shareholders/ directors, key management personnel, entities with common shareholding, entities over which the directors are able to exercise influence and entities under common directorship. Transactions with related parties and the balances outstanding at year end are disclosed in the respective notes to the financial statements.

30 **EVENTS AFTER REPORTING PERIOD**

No events occurred after the reporting period that would require adjustment or disclosure in the financial statements.

31 **NUMBER OF EMPLOYEES**

Total number of employees at the end of year was 5 (2020: 5). Average number of employees was 5 (2020: 5)

32 **RE-CLASSIFICATION AND RE-ARRANGEMENTS**

Corresponding figures have been reclassified and re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison, and in order to improve compliance with disclosure requirements.

33 **CAPITAL ADEQUACY**

	2021 Rupees
Total Assets	33.1 93,078,777
<u>Less:</u> Total Liabilities	20,785,900
<u>Less:</u> Revaluation Reserves (created upon revaluation of fixed assets)	-
Capital Adequacy Level	72,292,877

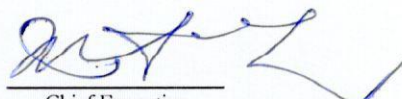
- 33.1 While determining the value of the total assets of the Company, the notional value as at June 30, 2021 of the TREC held by the Progressive Investment Mangement (Private) Limited has been considered.

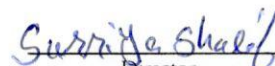
34 **GENERAL**

Amounts have been rounded off to the nearest rupee, unless otherwise stated.

35 **AUTHORIZATION**

These financial statements were authorized for issue on 04 OCT 2021 by the Board of Directors of the Company.


Chief Executive


Director