

INDEPENDENT AUDITORS' REPORT

To the members of Integrated Equities Limited

Report on Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Integrated Equities Limited**, 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, 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 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 of 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 and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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:

Ilyas Saeed & Co.

Chartered Accountants

- a) proper books of account 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 or the income and expenditure account, 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 (XVIII of 1980).

Other Matter

The financial statements of the Company for the year ended June 30, 2019 were audited by another firm of Chartered Accountants who expressed an unqualified opinion thereon vide their report dated October 4, 2019.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Ilyas FCA**.



ILYAS SAEED & CO.
Chartered Accountants

Date: October 6, 2020
Place: Lahore

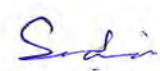
In case of any discrepancy on the Company's website and the published material, the auditors shall only be responsible in respect of the information contained in the hard copies of the audited financial statements available at the Company's registered office.

INTEGRATED EQUITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

		2020	2019
	Note	RUPEES	RUPEES
ASSETS			
NON CURRENT ASSETS			
Property and equipments	5	5,587,892	6,588,604
Intangible assets	6	2,503,500	5,010,500
Long term investments	7	66,025,980	68,635,213
Long term deposits	8	1,719,000	1,719,000
Investment property	9	34,615,000	27,687,712
		110,451,372	109,641,030
CURRENT ASSETS			
Trade debts	10	14,756,081	29,924,226
Short term investments	11	1,357	6,016,746
Advances, deposits, prepayments and other receivables	12	40,162,454	5,797,033
Taxation- Net	13	861,909	3,316,158
Cash and bank balances	14	91,079,102	11,333,908
		146,860,903	56,388,072
TOTAL ASSETS		257,312,275	166,029,101
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital	15	130,000,000	130,000,000
Retained earnings		23,079,604	11,399,364
TOTAL EQUITY		153,079,604	141,399,364
LIABILITIES			
NON CURRENT LIABILITIES			
Long term loan	16	11,005,727	2,520,879
Deferred liabilities	17	410,000	
		11,415,727	2,520,879
CURRENT LIABILITIES			
Trade and other payables	18	92,816,944	20,296,868
Short term borrowing	19	-	1,811,990
		92,816,944	22,108,858
CONTINGENCIES AND COMMITMENTS	20	-	-
TOTAL EQUITY AND LIABILITIES		257,312,275	166,029,101

The annexed notes from 1 to 37 form an integral part of these Financial Statements.

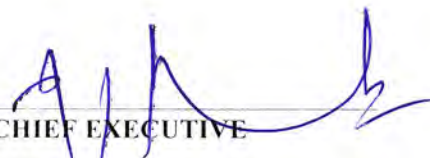

CHIEF EXECUTIVE

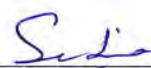
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DIRECTOR

INTEGRATED EQUITIES LIMITED
STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30,2020

		2020	2019
	Note	RUPEES	RUPEES
Income			
-Operating revenue	21	44,439,388	27,808,097
-Capital gain - net		402,881	1,485,968
-Unrealized (loss) / gain on remeasurement of investments	22	(2,608,411)	554,182
-Unrealized (loss) / gain on remeasurement of investment		6,927,288	3,185,312
-Dividend income		847,180	891,063
		<u>50,008,326</u>	<u>33,924,622</u>
Expenditure			
-Operating and administrative expenses	23	37,981,348	31,885,704
-Other operating expenses	24	321,104	225,000
-Financial charges	25	697,436	241,121
		<u>38,999,888</u>	<u>32,351,825</u>
Operating income		<u>11,008,438</u>	<u>1,572,797</u>
Other income	26	<u>5,044,823</u>	<u>1,538,565</u>
Profit Before Taxation		<u>16,053,261</u>	<u>3,111,362</u>
Taxation	27	(4,373,021)	(1,849,898)
Profit After Taxation		<u>11,680,240</u>	<u>1,261,464</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>11,680,240</u>	<u>1,261,464</u>

The annexed notes from 1 to 37 form an integral part of these Financial Statements.


CHIEF EXECUTIVE

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DIRECTOR

INTEGRATED EQUITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30,2020

	Note	2020 RUPEES	2019 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES			
Profit from Operations		16,053,261	3,111,362
<u>Adjustment for Non-cash items</u>			
Depreciation		1,299,022	1,398,037
Amortization		7,000	7,000
Impairment		2,500,000	-
Unrealized gain (loss) on remeasurement of short term investment through profit or loss		2,608,411	(554,182)
Gain on Investment		(402,881)	(1,485,968)
Provision For Deferred liabilities		410,000	-
Provision For Workers' Welfare Fund		321,104	-
Gain / (loss) on disposal of equipment		-	17,166
Gain/Loss on disposal of Equipment/investment property		(3,506)	225,000
Gain on revaluation of investment property		(6,927,288)	(3,185,312)
Bad Debts		41,923	199,530
Provision For Bad Debts		4,784,967	(1,062,306)
<i>Net Profit before Working Capital Changes</i>		20,692,013	(1,329,673)
<u>Changes in Working Capital</u>			
(Increase) / Decrease in Current Assets			
Trade Debtors		10,341,254	1,216,563
Investments		6,419,091	(283,742)
Advances, Deposits and Other Receivables		(34,365,421)	1,395,478
Increase / (Decrease) in Current Liabilities			
Trade Creditors and Accrued Expenses		72,198,972	(6,174,176)
<i>Cash Used in Operations</i>		75,285,910	(5,175,550)
Tax paid		(1,918,772)	(2,434,111)
Net Cash Used/Generated from Operating Activities		73,367,138	(7,609,661)
CASH FLOW FROM INVESTING ACTIVITIES			
Security Deposit		-	30,000
Acquisition of PPE		(306,806)	(6,304,700)
Proceed From Disposal of PPE		12,003	10,500
Disposal/Purchase of investment property		-	3,575,000
Net Cash flow from Investing Activities		(294,803)	(2,689,200)
CASH FLOW FROM FINANCING ACTIVITIES			
Short Term Loan		(1,811,990)	1,811,990
Acquisition/(repayment) of long term loan from director		8,484,849	-
Net Cash Flow from Financing Activities		6,672,859	1,811,990
Net Increase in Cash and Cash Equivalents		79,745,194	(8,486,871)
Cash and Cash Equivalents at the beginning of the Year		11,333,908	19,820,778
Cash and Cash Equivalents at the end of the Year	14	91,079,102	11,333,908

The annexed notes from 1 to 37 form an integral part of these Financial Statements.

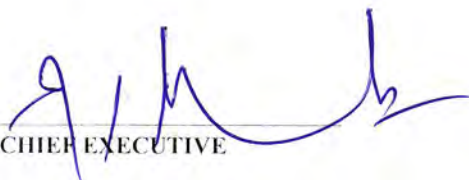

CHIEF EXECUTIVE


DIRECTOR

INTEGRATED EQUITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30,2020

Particulars	Issued, subscribed and paid-up capital	Retained earnings	Total
Balance as at July 01, 2018	130,000,000	10,137,900	140,137,900
Profit for the year after taxation	-	1,261,464	1,261,464
Balance as at June 30,2019	130,000,000	11,399,364	141,399,364
Balance as at July 01,2019	130,000,000	11,399,364	141,399,364
Profit for the year after taxation		11,680,240	11,680,240
Balance as at June 30,2020	130,000,000	23,079,604	153,079,604

The annexed notes from 1 to 37 form an integral part of these Financial Statements.


 CHIEF EXECUTIVE


 DIRECTOR

INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 STATUS AND NATURE OF BUSINESS

Integrated Equities Limited ("the Company") was incorporated in Pakistan on July 01, 2008 as a private limited company, under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Status of the Company was changed from private limited to public limited on December 30, 2016. The Principal Activities of the company include shares brokerage and investment in shares, stocks, fixed income securities, bonds etc. and also provide consultancy services.

The Registered office of the company is located at 202 Y First Floor Commercial Area Defense Housing Authority Lahore.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved Accounting Standards as applicable in Pakistan and the requirements of the Companies Act, 2017. Approved Accounting Standards comprise of such International financial reporting standards as notified under the provisions of the Companies Act, 2017. Whenever the requirements of the Companies Act, 2017 or directives of the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of the Standards, the requirements of the Companies Act, 2017 or the requirements of the said directives take precedence.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investment property and certain financial assets that are stated at fair value.

2.3 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions, that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. There was no significant adjustment required for the estimates and judgments as compared to previous year.

The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are:

- a) Useful life and residual values of property equipment
- b) Impairment
- c) Classification and valuation of investment
- d) Provision for taxation

3 Initial application of new standards, interpretations or amendments to existing standards

3.1 The Company has adopted the following revised standards and amendments of IFRSs which became effective for the

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2019 other than those disclosed in note 4.1. These 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.

Impact of amendment in Fifth Schedule

SECP brought certain alterations in the Fifth Schedule of the Act with regards to preparation and presentation of the financial statements. These alterations resulted in elimination of certain disclosures in these financial statements of the Company as at June 30, 2020.

The adoption of the above standards, amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

Impact of IFRS 16

16/0

INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2020

An overview of the new lease accounting requirements for lessees

The Company has adopted IFRS 16 "Leases" with effect from 01 July 2019. IFRS 16 "Leases" has replaced IAS 17 "Leases", the former lease accounting standard, and has become effective from annual accounting periods beginning on or after January 1, 2019. Under the new standard, almost all leases which meet the criteria described in the standard will be recognized on the statement of financial position with only exceptions of short term and low value leases.

Under IFRS 16, an asset (the right to use the leased item) is recognized along with corresponding financial liability to pay rentals at the present value of future lease payments over the lease term, discounted with the specific incremental borrowing rate.

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

3.2 Standards, amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards or Interpretation	Effective date (annual periods beginning on or after)
IAS 1 - Presentation of financial statements', definition of materiality and classification of liabilities (Amendment)	January 1, 2023
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors', definition of materiality (Amendments)	January 1, 2020
IAS 37- Provisions, Contingent Liabilities and Contingent Assets – costs to when assessing whether a contract is onerous (Amendments)	January 1, 2022
IFRS 1 - First-time Adoption of International Financial Reporting Standards – Improvements to IFRS Standards 2018–2020).	January 1, 2022
IAS 41 - Agriculture – Annual Improvements to IFRS Standards 2018–2020 in fair value measurements).	January 1, 2020
IFRS 3 - Business Combination – Amendments to clarify the definition of a	January 1, 2020
IFRS 9 - Financial Instruments', Interest rate benchmark reform	January 1, 2020
IFRS 7 - Financial Instruments-Disclosures , Interest rate benchmark reform	January 01, 2020
IFRS 16 - Leases', COVID-19 related rent concessions (Amendment)	June 01, 2020

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

Further, IFRS 17 "Insurance contracts" is yet to be adopted by the Securities and Exchange Commission of Pakistan (SECP).

4 Significant accounting policies

The Company has adopted IFRS 16 'Leases' during the year and the new policy due to adoption is as follows:

4.1 Adoption of significant accounting policy

The Company has adopted IFRS 16 'Leases' from 01 July 2019 which are effective from annual periods beginning on or after

International Financial Reporting Standards (IFRS) 16 "Leases" has replaced IAS 17 "Leases", the former lease accounting standard. Under the new standard, almost all leases which meet the criteria described in the standard will be recognized on the statement of financial position with only exceptions of short term and low value leases. Under IFRS 16, an asset (the right to use the leased item) is recognized along with corresponding financial liability to pay rentals at the present value of future lease payments over the lease term, discounted with the specific incremental borrowing rate.

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

The Company has adopted IFRS 16 from July 1, 2019 using the modified retrospective approach and the Company has assessed that the adoption of IFRS 16 does not have any material financial impact on these financial statements.

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2020

4.2 Property and equipment

These are stated at cost less accumulated depreciation and impairments, if any. Depreciation is charged on reducing balance basis at the rates specified in *Note 5* to the financial statements, which are considered appropriate to write off the cost of assets over their useful economic lives.

Depreciation on additions is charged on a pro-rata basis from the month in which the asset is put to use, while for disposals depreciation is charged up to the month preceding the disposal of the asset. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

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.

Maintenance and repairs are charged to profit or loss as and when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably, and the assets so replaced, if any, are retired.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Residual value and the useful life of an asset are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Company's estimates of residual value of property and equipment at June 30, 2020 did not require any adjustment.

4.3 Intangible Assets

Trading Right Entitlement Certificate (TREC)

These are stated at cost less accumulated impairment, if any. The carrying amount is reviewed at each statement of financial position date to assess whether these are recorded in excess of their recoverable amount, and where carrying amount exceeds estimated recoverable amount, these are written down to their estimated recoverable amount. These assets have an indefinite useful life so no amortization has been charged.

Computer software

These are stated at cost less accumulated amortization, if any. The carrying amount is reviewed at each statement of financial position date to assess whether these are recorded in excess of their recoverable amount, and where carrying amount exceeds estimated recoverable amount, these are written down to their estimated recoverable amount. These assets are amortized at 20% p.a.

4.4 Staff retirement benefits

The company is required to maintain unfunded gratuity as retirement benefit plan for its employees, eligible for gratuity under The West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968, Schedule of standing Orders, who have completed the qualifying period as defined under the standing order.

The amount of liability of each employee is computed by number of years completed multiplied by the last drawn monthly gross salary. The difference between the current and previous liability is charged to profit and loss amount as expense for the year under the head salaries and benefits.

No other funded / unfunded scheme is in operation.

4.5 Impairment

- Non financial assets

The carrying amount of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. All impairment losses are recognized in the profit or loss. Individually significant financial assets are tested for impairment on individual basis.

Impairment losses are reversed when there is an indication that the impairment may no longer exist and there has been a change in the estimate 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 and amortization, if no impairment loss had been charged.

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2020

- Financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized 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 qualitative 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 asset 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 amortized cost are deducted from the Gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety 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 expect 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.

4.6 Investments

Investments intended to be held for less than twelve months from statement of financial position date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current.

Investment in securities are recognized on a trade-date basis and are initially recognized at cost.

Investments are classified as follows:

Held to maturity

These are the securities with fixed and determinable payments and fixed maturity where the Company has the positive intent and ability to hold to maturity. These are measured at amortized cost less any impairment loss recognized to reflect irrecoverable amounts.

Available for sale

These are initially recognized at cost and at subsequent reporting dates measured at fair values. Gains or losses from changes in fair values are taken to other comprehensive income until disposal at which these are reclassified to statement of profit or loss.

Fair value through profit or loss

Investments which are principally for the purpose of selling in near term or the investments that are part of the portfolio of financial instruments exhibiting short term profit taking are classified at investment at fair value through profit or loss. These are stated at fair values with any resulting gains or losses recognized directly in the statements of profit or loss. The fair values of such investments representing listed equity securities is determined on the basis of prevailing market prices.

4.6 Financial instruments

i- Initial measurement of financial asset

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

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2020

ii- Subsequent measurement

Debt Investments at FVOCI: These assets are subsequently measured at fair value. Interest / markup 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 other comprehensive income are reclassified to the statement of profit or loss.

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.

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 profit or loss.

Financial assets measured at amortized cost: These assets are subsequently measured at amortized cost using the effective interest rate 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.

iii- Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent.

The Company derecognizes the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

iv- Financial Liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognizes the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortized cost using effective interest rate method.

v- Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

4.7 Trade debts, advances and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.8 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods or services received.

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2020

4.9 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially recognized at cost, being the fair value of the consideration given, subsequent to initial recognition these are stated at fair value. The fair value is determined annually by an independent approved valuer. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable and willing buyer and seller in an arm's length transaction.

Any gain or loss arising from a change in fair value is recognized in the statement of profit or loss. Rental income from investment property is charged to profit or loss on accrual basis.

When an item of property and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of property and equipment, if it is a gain. Upon disposal of the item the related surplus on revaluation of property and equipment is transferred to retained earnings. Any loss arising in this manner is recognized immediately in the profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

4.10 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 embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

4.11 Revenue recognition

- Brokerage income and consultancy are recognized as and when such services are provided.
- Dividend income is recognized at the time of book closure of the company declaring the dividend.
- Return on securities other than shares is recognized as and when it is due on time proportion basis.
- Mark-up/interest income is recognized on accrual basis.
- Capital gains or losses on sale of investments are recognized in the year in which they arise.

4.12 Taxation

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing laws for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the 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 statement of financial position date. Deferred tax is charged or credited in the profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

4.13 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, cash with banks and other short term highly liquid investments (if any) that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2020

4.15 Related party transactions

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

4.16 Fair value

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Specific valuation techniques used to value financial instruments include:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2020

5 PROPERTY AND EQUIPMENTS

	Computers & Accessories	Furniture & Fixtures	Office Equipments	Vehicle	Total
RUPEES					
Cost					
Balance as at 1 July 2018	1,846,598	1,246,345	809,668	2,238,510	6,141,121
Additions during the year	-	95,200	231,200	5,978,300	6,304,700
Disposals during the year	-	-	(63,622)	-	(63,622)
Balance as at 30 June 2019	1,846,598	1,341,545	977,246	8,216,810	12,382,199
Balance as at 1 July 2019	1,846,598	1,341,545	977,246	8,216,810	12,382,199
Additions during the year	98,200	180,306	28,300	-	306,806
Disposals during the year	-	(38,150)	-	-	(38,150)
Balance as at 30 June 2020	1,944,798	1,483,701	1,005,546	8,216,810	12,650,855
DEPRECIATION					
Balance as at 1 July 2018	1,370,243	796,326	352,694	1,912,250	4,431,513
Charge for the year	142,907	75,023	61,485	1,118,622	1,398,037
Disposals during the year	-	-	(35,956)	-	(35,956)
Balance as at 30 June 2019	1,513,150	871,349	378,223	3,030,872	5,793,594
Balance as at 1 July 2019	1,513,150	871,349	378,223	3,030,872	5,793,594
Charge for the year	115,089	85,428	61,317	1,037,188	1,299,022
Disposals during the year	-	(29,653)	-	-	(29,653)
Balance as at 30 June 2020	1,628,239	927,124	439,540	4,068,060	7,062,963
Book value as at 30 June 2019	431,648	612,352	627,323	5,185,938	6,588,605
Book value as at 30 June 2020	316,559	556,577	566,006	4,148,750	5,587,892
Annual depreciation rate %	30%	15%	10%	20%	18%

INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2020

	Note	2020 RUPEES	2019 RUPEES
6 INTANGIBLE ASSETS			
Computer Software	6.1	3,500	10,500
Trading Right Entitlement Certificate (TREC)	6.2	2,500,000	5,000,000
		<u>2,503,500</u>	<u>5,010,500</u>
6.1 COMPUTER SOFTWARE			
Gross carrying value basis			
Opening carrying amount		10,500	17,500
Amortization charge		(7,000)	(7,000)
Closing carrying amount		<u>3,500</u>	<u>10,500</u>
Gross carrying value basis			
Cost		209,500	209,500
Accumulated Amortization		(206,000)	(199,000)
Carrying amount		<u>3,500</u>	<u>10,500</u>
6.2 TRADING RIGHT ENTITLEMENT CERTIFICATES			
Cost	6.2.1	5,000,000	5,000,000
Impairment		(2,500,000)	-
		<u>2,500,000</u>	<u>5,000,000</u>
6.2.1 This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX). This have been carried at cost less accumulated impairment losses.			
6.2.2 The Company has no internally generated intangible assets.			
6.2.3 This TREC of the Company is pledged against the Base Minimum Capital (BMC) requirement with PSX.			
7 LONG TERM INVESTMENTS - fair value through profit or loss			
7.1 Investments in related parties			
Media Info Systems (Pvt.) Limited	7.1.1	2,817,864	3,568,500
7.2 Other Investments			
Pace Barka Properties Limited	7.2.1	43,599,866	49,199,983
LSE Financial Services Limited (formerly Lahore Stock Exchange Limited-LSEL)	7.2.2	19,608,250	15,866,730
		<u>63,208,116</u>	<u>65,066,713</u>
		<u>66,025,980</u>	<u>68,635,213</u>
7.1.1 Movement of Investment in related parties			
Media Info Systems (Pvt.) Limited			
Opening balance on July 01,		3,568,500	2,971,400
450,000 (2019: 450,000) Ordinary Shares of Rs. 10 each Equity Held 10.1637% (2019 : 10.1637%)			
Gain/(Loss) on remeasurement of investment charged to P&L		(750,636)	597,100
Closing balance on June 30,		<u>2,817,864</u>	<u>3,568,500</u>
7.2.1 Movement of other Investments			
Pace Barka Properties Limited			
Opening balance on July 01,		49,199,983	42,124,764
2,721,238 (2019: 2,721,238) Ordinary shares of Rs. 10 each Equity Held 0.89% (2019 : 0.89%)			
Gain/(Loss) on remeasurement of investment charged to equity		-	5,170,352
Gain/(Loss) on remeasurement of investment charged to P&L		(5,600,116)	1,904,867
Closing balance on June 30,		<u>43,599,867</u>	<u>49,199,983</u>
7.2.2 LSE Financial Services Limited (formerly Lahore Stock Exchange Limited-LSEL)			
Opening balance on July 01,		15,866,730	15,465,388
843,975 (2019: 843,975) Ordinary shares of Rs. 10 each Equity Held 0.66% (2019 : 0.66%)			
Gain/(Loss) on remeasurement of investment charged to equity		-	(273,838)
Gain/(Loss) on remeasurement of investment charged to P&L		3,741,520	675,180
Closing balance on June 30,	7.2.3	<u>19,608,250</u>	<u>15,866,730</u>

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2020

Note	2020	2019
	RUPEES	RUPEES

- 7.2.3 This represents unquoted 843,975 shares of LSE Financial Services Limited.
7.2.4 During the year there is no transfers between Level 1,2 and 3 of the fair value hierarchy.
7.2.5 LSE Financial Services Limited shares held by the entity has been pledged against Base Minimum Capital (BMC).

8 LONG TERM DEPOSITS AND PREPAYMENTS

Pakistan Stock Exchange Limited	200,000	200,000
Central Depository Company of Pakistan Limited	100,000	100,000
National Clearing Company of Pakistan Limited	1,200,000	1,200,000
Other Deposits	219,000	219,000
	<u>1,719,000</u>	<u>1,719,000</u>

9 INVESTMENT PROPERTY

Balance as on July 01,	27,687,712	28,302,400
Disposal during the year	-	(3,800,000)
	<u>27,687,712</u>	<u>24,502,400</u>
Increase in fair value	6,927,288	3,185,312
Balance as at June 30,	<u>34,615,000</u>	<u>27,687,712</u>

- 9.1 Investment property amounting Rs. 27.6 Million (2019: Rs. 27.6 Million) is mortgaged against the running finance facility obtained from JS Bank Limited.
9.2 Investment Property comprise of Commercial Plot No. 30, Located At Service Lane Ring Road, Near Netsol, Cricketers' Colony, Hadbast Mouza Ghova, Tehsil Cantt, District Lahore
9.3 The fair value of subject investment property is based on valuation that was carried out by M/s. Zafar Iqbal & Company, independent valuer (approved valuator on the panel of Pakistan Banking Association) as on June 30, 2020. The valuer determined the fair value of Rs. 34,615,000/- (2019: 27,687,712), the effect of which has been incorporated in the financial statements.
9.4 The direct expense relating to investment properties were Rs. 18,000 (2019: Rs. 20,000)

9.5 Recurring fair value measurements

Fair value measurements at 30 June
significant other observable inputs
(Level 2)
Rupees

Investment properties	34,615,000
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Fair value measurements at 30 June.
2019 using
significant other observable inputs
(Level 2)
Rupees

Investment properties	27,687,712
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There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2020 or 2019.

Valuation techniques used to derive level 2 fair values:

Level 2 fair value of investment properties has been derived using the sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location, size, nature and condition of the property. The most significant input into this valuation approach is price per square foot.

9.6 Particulars of the investment properties are as follows:

Location	Forced sale value		Forced Sale Value	
	Area Sq. Ft	June 2020	Area Sq. Ft	June 2019
		Rupees		Rupees
Plot No. 30, Located At Service Lane Ring Road, Near Netsol, Cricketers' Colony, Hadbast Mouza Ghova, Tehsil Cantt, District Lahore	2225	29,422,750	2225	23,534,535

10 TRADE DEBTORS-UNSECURED CONSIDERED GOOD

Trade debts against purchase of shares:

Considered good - unsecured	<u>631,358</u>	<u>2,785,535</u>
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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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	Note	2020	2019
		RUPEES	RUPEES
Trade debts other than purchase of shares:			
Considered good - unsecured		14,124,724	27,138,691
Considered doubtful - unsecured		12,366,436	7,581,469
		26,491,160	34,720,160
Provision for doubtful debt	10.2	(12,366,436)	(7,581,469)
		<u>14,756,081</u>	<u>29,924,226</u>

10.1 Age analysis of trade debts is provided in Note 27.1.2.

10.2 Provision for impairment of trade debts

Opening provision	7,581,469	-
Impact of adoption of IFRS 9	-	8,643,775
Charge/(Reversal) during the year	4,784,967	(1,062,306)
Closing balance	<u>12,366,436</u>	<u>7,581,469</u>

11 SHORT TERM INVESTMENTS

At fair value through profit or loss,

- Quoted equity securities

11.1	<u>1,357</u>	<u>6,016,746</u>
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11.1 Financial assets at fair value through profit or loss
Quoted equity securities

Quoted Securities

First Capital Equities Limited
Dost Steels Limited
Nishat Chunian Limited
Pakistan Petroleum Limited
Sui Northern Gas Limited
Pak Bulk Terminal Limited
Waves Singer Pakistan Limited

No. of Shares		Carrying amount		Fair value	
2020	2019	2020	2019	2020	2019
143	143	536	1,201	1,357	536
-	500,000	-	3,040,000	-	1,720,000
-	15,000	-	1,046,700	-	525,300
-	5,000	-	918,450	-	722,150
-	14,000	-	1,192,660	-	972,860
-	110,000	-	1,091,200	-	928,400
-	50,000	-	1,349,500	-	1,147,500

Total Investment

143	694,143	536	8,639,711	1,357	6,016,746
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Profit/(Loss) on remeasurement

821	(2,622,965)
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Total Investment as at June 30

<u>1,357</u>	<u>6,016,746</u>
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12 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - Unsecured - Considered good	12.1	25,099,500	860,358
Short Term Prepayments		-	261,495
Short Term Deposits	12.2	14,778,236	4,178,256
Other Receivables	12.3	284,718	496,944
		<u>40,162,454</u>	<u>5,797,033</u>

12.1 Advances - Unsecured - Considered good

- To Employees
- To Others

	124,500	310,358
12.1.1	24,975,000	550,000
	<u>25,099,500</u>	<u>860,358</u>

12.1.1 This is advance against purchase of property to APCO, Islamabad.

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2020

12.2 Short Term Deposits

Exposure With NCCPL
Base Minimum Capital

12.3 Other Receivables - Considered Good

Other Receivables - Considered Doubtful
Less: Provision for Doubtful Other Receivables

13 TAXATION-NET

Opening advance income tax
Deducted / Paid during the year

Less:

Opening provision of tax
Prior Year Adjustment
Provision for the year

13.1 Taxes Paid / Deducted during the year

Tax withheld u/s 153 I(b)
Tax withheld u/s 150
Tax withheld On Sale u/s 233A
Advance tax on motor vehicles u/s 234
Advance tax on cash withdrawals U/S 231A
Advance Tax on Electricity
Advance Tax on Telephone
Advance tax on profit on debt U/S 151

14 CASH AND BANK BALANCES

Cash in hand
Cash at Bank

- Saving Accounts
- Current Accounts

14.1 These carry profit at rates ranging 2% to 3% per annum (2019: 3% to 4% per annum).

14.2 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 8,974,3948 /- (2019: Rs. 6,595,428 /-)

15 SHARE CAPITAL

Authorized Share Capital

16,000,000 (2019: 16,000,000) Ordinary Shares Of Rs. 10/- Each

Paid up Share Capital

13,000,000 (2019: 13,000,000) Ordinary Shares Of Rs. 10/- Each. Fully Paid in Cash

16 LONG TERM LOAN

Subordinated Loan from Director
Loan from directors

Movement of balances are disclosed in related party transaction note no.27

Note	2020	2019
	RUPEES	RUPEES
	14,650,000	4,050,000
	128,236	128,236
	14,778,236	4,178,236
	284,718	496,944
	85,700	85,700
	(85,700)	(85,700)
	284,718	496,944
	8,748,599	6,314,488
13.1	1,918,772	2,434,111
	10,667,371	8,748,599
	5,432,441	2,976,899
	11,518	489,307
	4,361,503	1,966,235
	9,805,462	5,432,441
	861,909	3,316,159
	1,680,443	1,609,680
	127,077	356,254
	-	363,519
	13,500	-
	2,580	11,480
	53,631	50,793
	12,146	6,574
	29,395	35,812
	1,918,772	2,434,111
	15,905	12,681
14.1	1,281,836	4,337,462
14.2	89,781,361	6,983,765
	91,063,197	11,321,227
	91,079,102	11,333,908
	160,000,000	160,000,000
	130,000,000	130,000,000
	3,700,000	-
	7,305,727	2,520,879
	11,005,727	2,520,879

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2020

	Note	2020 RUPEES	2019 RUPEES
17 DEFERRED LIABILITIES			
Provision for staff retirement benefit		410,000	-
18 TRADE AND OTHER PAYABLES			
Payable against sale of shares - un secured	18.1	84,968,133	4,571,184
Other Payables		-	6,070,113
		84,968,133	10,641,297
Accrued Liabilities		2,185,421	5,347,174
Taxes payables		5,342,286	4,308,397
Workers' Welfare Fund		321,104	-
		7,848,811	9,655,571
		92,816,944	20,296,868
18.1	This includes balance payable to director amounting Rs.1,915,937 on account of sale of shares (2019: Rs.1,814).		
19 SHORT TERM LOAN			
Running finance from JS Bank Ltd	19.1	-	1,811,990
19.1	This represents balance payable against running finance facility availed from JS Bank Limited. Total value of limit available is Rs.15 Million at the year end. The facility is secured against the investment property of the Company and personal guarantee of CEO and director with markup payable at the rate of 1 month KIBOR plus 350 basis points. (2019: 1 month KIBOR plus 350 basis points)		
20 CONTINGENCIES AND COMMITMENTS			
The Company has no contingent liability and / or any capital commitment as at June 30, 2020 other than as mentioned in note 6.2.3 and 7.2.5.			
21 BROKERAGE AND CONSULTANCY INCOME			
Brokerage		10,989,388	5,533,097
Advisory and consultancy fee		33,450,000	22,275,000
		44,439,388	27,808,097
22 UNREALISED LOSS ON RE-MEASUREMENT OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Gain/(Loss) on remeasurement of short term investments	11	821	(2,622,965)
(Loss)/Gain on remeasurement of long term investments		(2,609,232)	3,177,147
		(2,608,411)	554,182
23 OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries, Wages and Benefits	23.1	19,472,590	22,321,316
Rent, Rates and Taxes		1,566,900	1,716,330
Fee and Subscription		3,920,563	2,189,651
Utilities		520,389	440,680
Travelling and Conveyance		427,500	98,560
Internet and Mobile Charges		729,353	654,149
Insurance		195,990	160,952
Entertainment		592,192	617,938
Printing and Stationery		103,159	139,886
Courier Charges		12,388	19,842
Auditors' remuneration	23.2	210,000	200,000
Depreciation and Amortization		1,306,022	1,405,037
Repair and Maintenance Office		107,335	316,125
Running and Maintenance Vehicles		230,349	572,410
CDC Charges		229,091	133,901
Bad Debts		41,923	199,530
Impairment on long term investment		2,500,000	-
Provision for doubtful debt		4,784,967	-
NCCPL Charges		850,587	620,932
Other Office Expenses		180,050	78,466
		37,981,348	31,885,704

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2020

	Note	2020 RUPEES	2019 RUPEES
23.1	These includes staff retirement benefit expense amounting to Rs. 410,000 (2019: Nil).		
23.2	Auditor's remuneration		
	Statutory audit	150,000	100,000
	Certifications and others	60,000	75,000
	Out of pocket expenses	-	25,000
		<u>210,000</u>	<u>200,000</u>
24	OTHER OPERATING EXPENSES		
	Workers' Welfare Fund	321,104	-
	Loss on sale of Investment Property	-	225,000
		<u>321,104</u>	<u>225,000</u>
25	FINANCIAL CHARGES		
	Mark up on running finance	458,462	241,121
	Bank charges	238,974	-
		<u>697,436</u>	<u>241,121</u>
26	OTHER INCOME		
	Income from financial assets		
	Profit on Bank Balances	316,178	356,346
	Provision for doubtful debts written back	-	1,062,306
	Income from assets other than financial assets		
	Gain / (Loss) on sale of Fixed Assets	3,506	(17,166)
	Miscellaneous income	4,628,953	137,079
	Liability written back	96,186	-
		<u>5,044,823</u>	<u>1,538,565</u>
27	Taxation - Provision		
	Deferred	-	(605,643)
	Prior period	11,518	489,307
	Current	4,361,503	1,966,235
		<u>4,373,021</u>	<u>1,849,898</u>
27.1	Numerical reconciliation between accounting profit and tax expense		
	Accounting Profit for the year	16,053,261	-
	Applicable tax rate as per Income tax ordinance, 2001:	29%	-
	Tax on accounting profit	4,655,446	-
	- Effect of income chargeable to tax at different rates	(181,153)	-
	- Effect of items not adjustable for tax purposes	(112,790)	-
	- Effect of change in prior year	11,518	-
		<u>(282,425)</u>	-
		<u>4,373,021</u>	-
27.2	The provision for current taxation represent tax under the normal tax regime at the rate of 29% of taxable income and final taxes paid under final tax regime as available under Income Tax Ordinance, 2001. However last year the company was subject to minimum and final tax under section 5, 153 and 233A of Income Tax Ordinance, 2001 respectively, therefore no numerical reconciliation of profit and tax expense is produced.		

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INTEGRATED EQUITIES LIMITED
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28 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of entities over which the Directors are able to exercise significant influence. Related parties include entities with common Directors, major shareholders, subsidiary undertakings, associated companies, Directors and key management personnel. Details of transactions with related parties are as follows:

Nature of Transactions	Relationship	Descriptions	Transaction during the year	
			2020	2019
			Rupees	
Key Management Personnel				
Mrs. Sadia Ali	Director	Loan received	3,700,000	-
Mr. Sardar Ali	Director/CEO	Loan received	5,000,000	-
Total number				
Managerial remuneration				
Commission or bonus				
Utilities				
2020				
Rupees				
Chief Executive			Directors	Executives
1			2	2
2,250,000			5,955,000	5,415,000
-			-	-
2,250,000			5,955,000	5,415,000
2019				
Rupees				
Chief Executive			Directors	Executives
1			2	2
3,000,000			6,600,000	5,368,454
-			-	-
40,000			-	-
3,040,000			6,600,000	5,368,454

28.1 In addition, Chief Executive, Directors and some Executives have been provided with Company maintained cars.

28.2 No meeting fees were paid to any of the directors for attending the Board meetings (2019: Nil).

29 FINANCIAL INSTRUMENTS

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various source of finance to minimize the risk.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

29.1 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. Concentrations of credit risk arise 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 a company's performance to developments affecting a particular industry. The Company manages its credit risk by the following methods:

- Monitoring of debts on continuous basis.
- Deposit of margins before execution of orders for all retail clientele.
- Obtaining adequate securities for all receivables.

29.1.1 Exposure to credit risk

The carrying values of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2020	2019
	Rupees	Rupees
Long term deposits and prepayments	1,719,000	1,719,000
Trade debts - unsecured	14,756,081	29,924,226
Investments	1,357	6,016,746
Advances, deposits and other receivables	40,162,454	11,079,426
Cash and bank balance	91,063,197	11,321,227
	147,702,089	60,060,625

The credit quality of financial assets can be assessed by reference to external credit rating or the historical information about counter party defaults.

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29.1.2 The age of trade debts at the reporting date was:

		2020 Rupees	2019 Rupees
Not over due	29.1.3	2,239,117	6,969,328
Over due for less than 365 days		2,327,940	3,827,448
More than 1 year Less than 3 year		3,038,798	17,752,303
More than 3 year Less than 5 year		7,150,227	1,375,147
More than 5 year		-	-
		14,756,081	29,924,226

29.1.3 The collateral available against clients balances due for more than fourteen days related to brokerage amounting Rs. 385,584 is Rs. 13,536,0618.

29.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company believes that it is not exposed to any significant level of liquidity risk.

29.3 Market risk

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

29.3.1 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currency. Foreign currency risk arises mainly where payable/receivable exist due to transactions with foreign clients. The company does not have any financial assets or liabilities in foreign currency at the reporting date.

29.3.2 Interest rate risk

Interest rate risk is the risk of decline in earnings due to adverse movement of the interest rate curve. Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments.

29.3.3 Other Price Risk

Equity price risk arise from equity securities classified as at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the investment committee.

29.3.4 Sensitivity analysis

All of the Company's listed equity investments are listed on Pakistan Stock exchange. The table below summarizes the Company's equity price risk as of June 30 2020 and 2019 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Company's equity investment portfolio.

2020					
Investments	Fair value	Estimated fair value after hypothetical change in prices"	Estimated fair value after hypothetical change in prices"	Hypothetical increase /(decrease) in shareholders' equity"	"Hypothetical increase/(decrease) in profit /(loss) before tax"
Long term Investments	66,025,980	+10% -10%	72,628,578 (59,423,382)	6,602,598 (6,602,598)	6,602,598 (6,602,598)
Short term investments	1,357	+10% -10%	1,493 (1,221)	136 (136)	136 (136)
2019					
Investments	Fair value	Estimated fair value after hypothetical change in prices"	Estimated fair value after hypothetical change in prices"	Hypothetical increase /(decrease) in shareholders' equity"	"Hypothetical increase/(decrease) in profit /(loss) before tax"
Long term Investments	68,635,213	+10% -10%	75,498,734 (61,771,692)	6,863,521 (6,863,521)	6,863,521 (6,863,521)
Short term investments	6,016,746	+10% -10%	6,618,421 (5,415,072)	601,675 (601,675)	601,675 (601,675)

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29.3.5 Fair value of financial instruments

- The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
- The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is measured in accordance with Note 4.15.
- The table below analyses equity 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 categorized.

29.3.6 Recurring fair value measurements

	2020			
	Level 1	Level 2	Level 3	Total
	Rupees			
Long term investments				
Unquoted investments	-	-	66,025,980	66,025,980
Investment Property		34,615,000	-	34,615,000
Short term investments	1,357	-	-	1,357

	2019			
	Level 1	Level 2	Level 3	Total
	Rupees			
Long term investments				
Unquoted investments	-	-	68,635,213	68,635,213
Investment Property		27,687,712	-	27,687,712
Short term investments	6,016,746	-	-	6,016,746

Valuation techniques used to measure fair values

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

As at June 30, 2020, the Company's long term investments in unquoted securities (see note 7), carried at fair value. The fair value of such investments is determined by using level 3 techniques. The fair value of investment in unquoted securities has been determined by using various valuation techniques depending on availability of data.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

29.3.7 Financial instruments by category

	2020		
	At Amortized Cost	Assets / Liabilities at fair value through profit or loss	Total
	Rupees		
Financial Assets			
Long term investments	-	66,025,980	66,025,980
Long term deposits and prepayments	1,719,000	-	1,719,000
Trade debtors	14,756,081	-	14,756,081
Short term investments	-	1,357	1,357
Advances, deposits, prepayments & other receivables	40,162,454	-	40,162,454
Cash and bank balances	91,079,102	-	91,079,102
Financial Liabilities			
Trade and other payables	92,816,944	-	92,816,944

	2019		
	At Amortized Cost	Assets / Liabilities at fair value through profit or loss	Total
	Rupees		
Financial Assets			
Long term investments	-	68,635,213	68,635,213
Long term deposits and prepayments	1,719,000	-	1,719,000
Trade debtors	29,924,226	-	29,924,226
Short term investments	-	6,016,746	6,016,746
Advances, deposits, prepayments & other receivables	11,079,426	-	11,079,426
Cash and bank balances	11,333,908	-	11,333,908
Financial Liabilities			
Trade and other payables	22,817,747	-	22,817,747
Short term borrowings	1,811,990	-	1,811,990

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INTEGRATED EQUITIES LIMITED
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30 CAPITAL RISK 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. 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 minimize risk.

During the year the Company has no significant gearing.

There were no changes in the Company's approach to capital management during the year and the company is subject to externally imposed minimum equity requirement of the Securities Brokers (Licensing and Operations) Regulations, 2016 and is required to maintain Rs. 35 million net equity. The Company's equity is above the minimum required threshold limit. Capital comprises of share capital and other reserves net of accumulated losses.

30.1 Capital Adequacy Level

	Note	2020 Rupees
Total Assets	30.1.1	257,312,275
Less: Total Liabilities		(104,232,672)
		<u>153,079,603</u>

30.1.1 While determining the value of total assets of the TREC Holder, notional value of the TRE certificate held by the Integrated Equities Limited as at year ended June 30, 2020 as determined by Pakistan Stock Exchange has been considered.

31 NET CAPITAL BALANCE

Net capital requirements of the Company are regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Net Capital Balance as required under the Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as per attached in Annexure "A".

32 LIQUID CAPITAL

As per attached in Annexure "B".

33 NUMBER OF EMPLOYEES

Number of employees at the end of the year	17	15
Average number of employees during the year	16	15

34 AUTHORIZATION FOR ISSUE

These financial statements were authorized by the Board of Directors for issuance on

06 OCT 2020

35 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and disclosed in relevant notes. Following material reclassification has been made in these financial statements:

Description	From	To	2020 Rupees
Provision for Tax	Current Liabilities	Taxation Net - Current Assets	1,966,235
Provision for doubtful debt	Operating Expenses	Other Income	1,962,300

36 IMPACT OF COVID-19

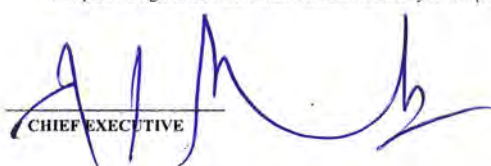
During the year, the World Health Organization declared the Novel strain of Corona virus (Covid-19) a global pandemic and recommended containment and mitigation measures worldwide. The Federal and Provisional governments of Pakistan also took various measures, including imposition of lockdown, from the end of March 2020 to contain the spread of Covid-19. The potential impact from Covid-19 remain uncertain, including among other things on economic conditions, business and consumers. However, the impact varies from industry to industry in different jurisdictions.

Based on management's assessment, Covid-19 has not significantly impact the business of the Company. The management has evaluated and concluded that there is no material implication of Covid-19 that requires specific disclosure in the financial statements.

37 GENERAL

Figures have been rounded off to the nearest rupee.

Comparative figures are reclassified wherever necessary for the purpose of comparison and better presentation, the effect of which is not material.


 CHIEF EXECUTIVE

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 DIRECTOR

INTEGRATED EQUITIES LIMITED
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Annexure "A"

31 NET CAPITAL BALANCE

CURRENT ASSETS

RUPEES

Trade receivables		
Book value	631,358	
Outstanding for more than 14 days	(385,584)	245,773
Clients Securities - against overdue balance		124,286
Investment in listed securities		
Investment regarding securities on exposure list	1,357	
Less: 15% of market value	(204)	1,154
Total bank balances		
Bank Balance pertaining to clients	89,743,948	
Bank Balance pertaining to brokerage house	1,281,836	91,025,784
Cash deposited as margins with NCCPL		14,650,000
		<u>106,046,997</u>

CURRENT LIABILITIES

Trade payables within 30 days		59,355,435
Other Liabilities		
Trade payables for more than 30 days	17,071,883	
Other current liabilities	10,663,062	27,734,945
Net Capital Balance		<u><u>18,956,617</u></u>

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Annexure "B"

32 LIQUID CAPITAL

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	5,587,892	100.00%	-
1.2	Intangible Assets	2,503,500	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)	-	-	-
	Investment in Debt Securities			
	If listed then:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	If unlisted then:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
	Investment in Equity Securities			
1.5	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	1,357	204	1,154
	ii. If unlisted, 100% of carrying value.	-	100.00%	-
1.6	Investment in subsidiaries	-	100.00%	-
	Investment in associated companies/undertaking			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,500,000	100.00%	-
1.9	(i) Cash Margin deposits with exchange and clearing house.	14,650,000	-	14,650,000
	(ii) Margin deposit with clearing house in the form of Bank guarantee	-	-	-
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	128,236	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc (Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivables.	-	-	-
	Amounts receivable against Repo financing.	-	-	-
1.14	Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-
	Receivables other than trade receivables			
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	50,000	0.00%	50,000
	ii. Receivables other than trade receivables	297,137	100.00%	-
	Receivables from clearing house or securities exchange(s)			
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate of (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut	-	-	-
	i. Lower of net balance sheet value or value determined through adjustments.	-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value.	-	5.00%	-
	ii. Net amount after deducting haircut	-	-	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract.	-	-	-
	iii. Net amount after deducting haircut	-	-	-
1.17	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	287,947	-	287,947
	iv. Balance sheet value	-	-	-
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts	343,411	282,650	60,761
	v. Lower of net balance sheet value or value determined through adjustments	-	-	-
	vi. 100% haircut in the case of amount receivable from related parties.	-	100.00%	-
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	1,281,836	-	1,281,836
	ii. Bank balance-customer accounts	89,743,948	-	89,743,948
	iv. Cash in hand	-	-	-
1.19	Total Assets	116,375,264		106,075,645

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2. Liabilities			
	Trade Payables		
2.1	i. Payable to exchanges and clearing house	8,542,762	8,542,762
	ii. Payable against leveraged market products	-	-
	iii. Payable to customers	76,427,318	76,427,318
	Current Liabilities		
	i. Statutory and regulatory dues	-	-
	ii. Accruals and other payables	2,120,300	2,120,300
	iii. Short-term borrowings	-	-
2.2	iv. Current portion of subordinated loans	-	-
	v. Current portion of long term liabilities	-	-
	vi. Deferred Liabilities	-	-
	vii. Provision for bad debts	-	-
	viii. Provision for taxation	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-
	Non-Current Liabilities		
2.3	i. Long-Term financing	-	-
	ii. Staff retirement benefits	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	-	-
	Subordinated Loans		
2.4	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	-	-
2.5	Total Liabilities	87,090,380	87,090,380
3. Ranking Liabilities Relating to :			
	Concentration in Margin Financing		
3.1	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-
	Concentration in securities lending and borrowing		
	The amount by which the aggregate of:		
3.2	(i) Amount deposited by the borrower with NCCPL	-	-
	(ii) Cash margins paid and	-	-
	(iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-
	Net underwriting Commitments		
	<u>(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price;</u>		
3.3	<u>the aggregate of:</u>		
	<u>(i) the 50% of Haircut multiplied by the underwriting commitments and</u>	-	-
	<u>(ii) the value by which the underwriting commitments exceeds the market price of the securities.</u>	-	-
	<u>In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting</u>	-	-
	<u>(b) in any other case : 12.5% of the net underwriting commitments</u>	-	-
	Negative equity of subsidiary		
3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-
	Foreign exchange agreements and foreign currency positions		
3.5	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-
3.6	Amount Payable under REPO	-	-
	Repo adjustment		
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities.	-	-
3.7	In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-
	Concentrated proprietary positions		
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	136
	Opening Positions in futures and options		
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts	-	-
3.9	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-
	Short sell positions		
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-
3.10	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-
3.11	Total Ranking Liabilities	-	136
		29,284,884	Liquid Capital 18,985,130

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