

INTEGRATED EQUITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

		December 31,2020	June 30,2020
ASSETS	Note	RUPEES	
NON CURRENT ASSETS			
Property & Equipment's	3	5,620,318	5,587,892
Intangible Assets	4	2,500,000	2,503,500
Long Term Investments	5	66,025,980	66,025,980
Long Term Deposits	6	1,719,000	1,719,000
Investment Property	7	34,615,000	34,615,000
		110,480,298	110,451,372
CURRENT ASSETS			
Trade Debtors-Consider Good	8	35,904,410	14,756,081
Short Term Investments	9	1,358	1,358
Advances, Deposits, Prepayments & Other Receivables	10	96,456,006	41,024,363
Cash And Bank Balances	11	60,158,545	91,079,102
		192,520,318	146,860,904
TOTAL ASSETS		303,000,616	257,312,276
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital	12	130,000,000	130,000,000
Retained Earnings		37,238,871	23,079,604
TOTAL EQUITY		167,238,871	153,079,604
LIABILITIES			
NON CURRENT LIABILITIES			
Long term loan		12,950,727	11,005,727
Deferred liabilities		410,000	410,000
		13,360,727	11,415,727
CURRENT LIABILITIES			
Trade And Other Payables	13	117,219,072	92,816,945
Taxation		5,181,946	-
		122,401,017	92,816,945
CONTINGENCIES AND COMMITMENTS	14	-	-
TOTAL EQUITY AND LIABILITIES		303,000,616	257,312,276

The annexed notes from 1 to 22 form an integral part of these Financial Statements.

CHIEF EXECUTIVE

DIRECTOR

INTEGRATED EQUITIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED DECEMBER 31,2020

		December 31,2020	December 31,2019
	Note	RUPEES	RUPEES
Revenue	15	31,138,466	15,194,666
Capital gain/(Loss)		2,771,145	1,178,679
Unrealized loss on remeasurement of investments		-	441,621
Dividend income		590,783	847,180
Other income	16	732,248	350,022
		35,232,642	18,012,167
Operating Expenses	17	(15,891,427)	(16,519,030)
Profit Before Tax		19,341,215	1,493,137
Taxation	18	(5,181,946)	1,081,820
Profit After Tax		14,159,269	411,317

The annexed notes from 1 to 22 form an integral part of these Financial Statements.

CHIEF EXECUTIVE

DIRECTOR

INTEGRATED EQUITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED DECEMBER 31,2020

	December 31,2020 RUPEES	December 31,2019 RUPEES
Profit after tax	14,159,269	411,317
Other comprehensive income for the period	-	
Total Comprehensive Income For The Period	<u><u>14,159,269</u></u>	<u><u>411,317</u></u>

The annexed notes from 1 to 22 form an integral part of these Financial Statements.

CHIEF EXECUTIVE

DIRECTOR

INTEGRATED EQUITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31,2020

	December 31,2020	December 31,2019
	RUPEES	RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Profit from Operations	19,341,215	1,493,137
<u>Adjustment for Non-cash items</u>		
Depreciation	619,519	635,529
Amortization	3,500	3,500
Unrealized gain (loss) on remeasurement of short term investment through profit or loss	-	(441,621)
Gain on Investment	(2,771,145)	(1,178,679)
Gain/Loss on disposal of Equipment/investment property	-	(3,506)
Net Profit before Working Capital Changes	17,193,089	508,360
<u>Changes in Working Capital</u>		
(Increase) / Decrease in Current Assets		
Trade Debtors	(21,148,328)	409,978
Investments	2,771,145	(1,666,650)
Advances, Deposits and Other Receivables	(54,711,339)	(2,445,336)
Increase / (Decrease) in Current Liabilities		
Trade Creditors and Accrued Expenses	24,402,126	11,116,365
Cash Used in Operations	(31,493,307)	7,922,718
Tax paid	(720,305)	(994,673)
Net Cash Used/Generated from Operating Activities	(32,213,612)	6,928,044
CASH FLOW FROM INVESTING ACTIVITIES		
Security Deposit	-	-
Acquisition of PPE	(651,945)	(123,028)
Proceed From Disposal of PPE	-	12,000
Disposal of investment property	-	-
Net Cash flow from Investing Activities	(651,945)	(111,028)
CASH FLOW FROM FINANCING ACTIVITIES		
Short Term Loan	1,945,000	1,471,251
Acquisition/(repayment) of long term loan from director	-	-
Net Cash Flow from Financing Activities	1,945,000	1,471,251
Net Increase in Cash and Cash Equivalents	(30,920,557)	8,288,267
Cash and Cash Equivalents at the beginning of the Year	91,079,102	11,333,908
Cash and Cash Equivalents at the end of the Year	60,158,545	19,622,176

The annexed notes from 1 to 22 form an integral part of these Financial Statements.

CHIEF EXECUTIVE

DIRECTOR

INTEGRATED EQUITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
For The Period Ended December 31, 2020

Particulars	Issued, subscribed and paid-up capital	Retained earnings	Total
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
Profit for the period after taxation		14,159,269	14,159,269
Balance as at December 31,2020	130,000,000	37,238,873	167,238,871

The annexed notes from 1 to 22 form an integral part of these Financial Statements.

CHIEF EXECUTIVE

DIRECTOR

INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31,2020

1 STATUS AND NATURE OF BUSINESS

Integrated Equities (Pvt.) Limited ("the Company") was incorporated in Pakistan on July 01, 2008 as a private limited company, under the Companies Ordinance , 1984. The Principal Activities of the company include shares brokerage and Investment in shares, stocks, fixed income securities, bonds, and commodities 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 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting and Financial Reporting Standards for Medium Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan and as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Taxation

Current

The charge for current taxation is based on the taxable income for the year at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, under the Income Tax Ordinance, 2001. However, for the income covered under final and minimum tax regime, taxation is based on applicable rates under such regime.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary difference 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 credits can be utilized.

Deferred tax and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items charged or credited to equity in which case it is included in the statement of changes in equity.

2.3 Fixed capital expenditure and depreciation

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any identified impairment loss.

Depreciation is charged to write off the cost of assets over their estimated useful lives using reducing balance method at the rate given in note 3.

Depreciation on additions is charged on a pro-rata basis from the month in which the asset is purchased or put to use, while no depreciation is charged in the month of disposal. Impairment loss or its reversal, if any, is also charged to income. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Major repairs and improvements are capitalized. Minor repairs and renewals are charged to income. 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.

INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31,2020

2.4 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. These are amortized using the straight line method at the rates given in note 4. Amortization on additions is charged on a pro-rata basis from the month of addition while no depreciation is charged for the month in which the asset is disposed off.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are charged to income as and when incurred.

Gain or loss arising on disposal and retirement of intangible asset is determined as a difference between net disposal proceeds and carrying amount of the asset and is recognized as income or expense in the profit and loss account.

2.5 Stock exchange membership card and room

These are stated at cost less accumulated impairment, if any. The carrying amount is reviewed at each balance sheet 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.

2.6 Investments and other financial assets

Investments within the scope of IAS 39, "Financial Instruments: Recognition and Measurement", are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or available for sale as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company determines the classification of its financial assets on initial recognition.

2.6.1 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include investments held for trading and investments designated upon initial recognition as at fair value through other comprehensive income. Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading and investments designated upon initial recognition as at fair value through other comprehensive income are recognized in the other comprehensive income.

2.6.1 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include investments held for trading and investments designated upon initial recognition as at fair value through profit or loss. Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading and investments designated upon initial recognition as at fair value through profit or loss are recognized in the profit and loss account.

2.6.2 Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available for sale financial assets are measured at fair value (except for unquoted investments where active market does not exist which are carried at cost) with unrealized gains or losses being recognized directly in equity in the net unrealized gains reserve. When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognized in the profit and loss account. The investment, for which a quoted market is not available, is measured at cost. Interest earned or paid on the investments is reported as interest income or expense using the effective interest rate. Dividends earned on investments are recognized in the profit and loss account as 'dividend income' when the right of receipt has been established.

2.6.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit and loss account when the loans and receivables are derecognized or impaired, as well as through the amortization process.

INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31,2020

2.6.4 Fair value

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of business on the balance sheet date except for the units (if any) of open end funds which are valued at the closing redemption price. For investments where there is no active market and fair value cannot be reasonably calculated are carried at cost.

2.7 Revenue recognition

Brokerage Income

Brokerage income is recognized as and when services are provided.

Capital gains / losses

Capital gains or losses on sale of investments are recognized in the period in which they arise.

Dividend income

Dividend income on equity investments is recognized when right to receive the same is established.

Consultancy Income

Consultancy income is recognized as and when services are provided.

Mark-up/Interest income

Mark-up/Interest income is recognized as and when it is due on accrual basis.

2.8 Trade and other payables

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

2.9 Provision for doubtful receivables

The Company reviews its doubtful trade and other debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

2.10 Related Party Transactions

The related parties comprise parent company, related group companies, local associated undertakings, directors of the Company, key management personnel and their close family members. Transactions with related parties are at arm's length prices. Prices for transactions with related parties are determined using admissible valuation methods controlled by the same party or parties both before and after the business combination, and the control is not transitory.

In the absence of more specified guidance, the Company consistently applies the fair value measurement method to all common control transactions.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried in balance sheet at cost. For the purpose of cash flow statements, cash and cash equivalents comprise cash in hand and bank balances.

INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31,2020

3 PROPERTY AND EQUIPMENTS

	Computers & Accessories	Furniture & Fixtures	Office Equipment's	Vehicle	Total
	RUPEES				
Cost					
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
Balance as at 1 July 2020	1,944,798	1,483,701	1,005,546	8,216,810	12,650,855
Additions during the year	283,365	306,080	62,500	-	651,945
Disposals during the year					-
Balance as at 31 December 2020	2,228,163	1,789,781	1,068,046	8,216,810	13,302,800
DEPRECIATION					
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
Balance as at 1 July 2020	1,628,239	927,124	439,540	4,068,060	7,062,963
Charge for the year	100,293	72,405	31,946	414,875	619,519
Disposals during the year					-
Balance as at 31 December 2020	1,728,532	999,529	471,486	4,482,935	7,682,482
Book value as at 30 June 2020	316,559	556,577	566,006	4,148,750	5,587,892
Book value as at 31 December 2020	499,631	790,252	596,560	3,733,875	5,620,318
Annual depreciation rate %	30%	15%	10%	20%	

INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31,2020

		December 31,2020	June 30,2020	
		RUPEES	RUPEES	
4	INTANGIBLE ASSETS			
	Computer Software	4.1	-	3,500
	Trading Right Entitlement Certificate (TREC)	4.2	2,500,000	2,500,000
			2,500,000	2,503,500
4.1	COMPUTER SOFTWARE			
	Gross carrying value basis			
	Opening carrying amount		3,500	10,500
	Additions (at cost)		-	-
	Amortization charge		(3,500)	(7,000)
	Closing carrying amount		-	3,500
	Gross carrying value basis			
	Cost		209,500	209,500
	Accumulated Depreciation		(209,500)	(206,000)
	Carrying amount		-	3,500
4.2	TRADING RIGHT ENTITLEMENT CERTIFICATES			
	Cost	4.2.1	2,500,000	5,000,000
	Impairment		-	(2,500,000)
			2,500,000	2,500,000
	This represents cost of membership card of Stock Exchanges of Pakistan with indefinite useful life and which are surrendered to the stock exchanges under Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. Trading right certificates are issued to the members carrying the similar rights. These are stated at closest estimate of fair value.			
4.2.1				
5	LONG TERM INVESTMENTS			
	5.1 Investments in related parties			
	5.1.1 Available for sale investments			
	Media Info Systems (Pvt.) Limited			
	450,000 (June 2020: 450,000) Ordinary Shares of Rs. 10 each		2,817,864	2,817,864
			2,817,864	2,817,864
	5.2 Other Investments			
	5.2.1 Available for sale investments			
	Pace Barka Properties Limited			
	2,721,238 (June 2020: 2,721,938) Ordinary shares of Rs. 10 each		43,599,866	43,599,866
	LSE Financial Services Limited (formerly Lahore Stock Exchange Limited-LSEL)			
	843,975 (June 2020: 843,975) Ordinary shares	5.2.2	19,608,250	19,608,250
			63,208,116	63,208,116
			66,025,980	66,025,980
	This represents unquoted shares of Stock Exchanges received by the Company in pursuance of Stock Exchanges(Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company are 843,975 shares of Lahore Stock Exchange Limited(LSEL) . These include 60% shares of LSEL held in separate CDC blocked Account to restrict the sale of these shares by the members whereas stock exchanges will dispose of these shares under the Demutualization Act, however the proceeds of these shares and right to dividend/bonus is vested with the Company whereas the voting rights attached to these shares are suspended.			
5.2.2				
	The Company has designated these shares at Fair Value through Other Comprehensive Income at initial recognition. Any subsequent changes in fair value will be recognized in other comprehensive income.			
	The fair value of these shares is determined by the company management that was vetted in the year 2015 for LSE shares.			
6	LONG TERM DEPOSITS AND PREPAYMENTS			
6.1	Long Term Deposits			
	Deposits with:			
	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
			1,719,000	1,719,000
7	INVESTMENT PROPERTY			
	Balance as on July 01,		34,615,000	27,687,712.00
	Acquisition during the year		-	-
			34,615,000	27,687,712
	Disposal during the year		-	-
			34,615,000	27,687,712
	Increase in fair value		-	6,927,288
	Balance as at Dec 31, 2020		34,615,000	34,615,000

INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31,2020

		December 31,2020	June 30,2020
		RUPEES	RUPEES
8	TRADE DEBTORS-UNSECURED CONSIDERED GOOD		
	Trade debts against purchase of shares:		
	Considered good - unsecured	21,197,686	631,358
		21,197,686	631,358
	Trade debts other than purchase of shares:		
	Considered good - unsecured	14,706,724	14,124,724
	Considered doubtful - unsecured	12,366,436	12,366,436
		27,073,160	26,491,160
	Provision for doubtful debt	(12,366,436)	(12,366,436)
		35,904,410	14,756,081
9	INVESTMENTS		
	At fair value through profit or loss,		
	- Quoted equity securities	9.1 1,358	1,358
9.1	Financial assets at fair value through profit or loss		
	Quoted equity securities		
		December 31, 2020	June 30, 2020
		No. of Shares Carrying amount Fair Value	No. of Shares Carrying amount Fair Value
		Rupees	Rupees
	Quoted Securities		
	First Capital Equities Limited	143 1,358 1,358	143 536 1,358
	Total Investment	143 1,358 1,358	143 536 1,358
	Profit/(Loss) on remeasurment	-	822
	Total Investment as at Dec 31, 2020	1,358	1,358
10	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
10.1	Advances - Unsecured - Considered good		
	- To Employees	10.5 139,500	124,500
	- To Others	24,975,000	24,975,000
		25,114,500	25,099,500
10.2	Advance Tax		
	Advance Tax	1,582,213	861,909
		1,582,213	861,909
10.3	Short Term Deposits		
	Exposure With NCCPL	68,150,000	14,650,000
	Base Minimum Capital	128,236	128,236
	Inter Office Balance	-	-
		68,278,236	14,778,236
10.4	Other Receivables	0.1 1,481,057	284,718
		96,456,006	41,024,363
10.5	Advances given to Executives / staff are in accordance with the Company policy.		
	Such advances are unsecured, interest free and are adjusted against salary / expense claims.		
10.6	Other Receivables - Considered Good	1,481,057	284,718
	Other Receivables - Considered Doubtful	85,700	85,700
	Less: Provision for Doubtful Other Receivables	(85,700)	(85,700)
		1,481,057	284,718
11	CASH AND BANK BALANCES		
	Cash in hand	15,192	15,905
	Cash at Bank		
	Saving Accounts	1,147,956	1,281,836
	Current Accounts	58,995,397	89,781,361
		60,143,353	91,063,197
		60,158,545	91,079,102
12	SHARE CAPITAL		
	Authorized Share Capital		
	16,000,000 (2020: 16,000,000) Ordinary Shares Of Rs. 10/- Each	160,000,000	160,000,000
	Paid up Share Capital		
	13,000,000 (2020: 13,000,000) Ordinary Shares Of Rs. 10/- Each, Fully Paid in Cash	130,000,000	130,000,000
13	TRADE AND OTHER PAYABLES		
	Payable against sale of shares - un secured	108,228,028	84,968,133
	Accrued Liabilities	2,648,956	2,185,421
	Other Liabilities	6,342,088	5,663,391
		117,219,072	92,816,945
14	CONTINGENCIES AND COMMITMENTS		
	Following commitments are outstanding as at the reporting date:		
	Financial guarantees given by commercial banks on behalf of the Company	9,000,000	-

INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31,2020

	December 31,2020	June 30,2020
	RUPEES	RUPEES
	December 31,2020	December 31,2019
15 REVENUE		
Consultancy & Brokerage income	<u>31,138,466</u>	<u>15,194,666</u>
16 OTHER INCOME		
Profit on Bank Balances	210,972	136,849
Gain/(Loss) on sale of Investment Property	-	3,506
Gain on sale of Fixed Assets	<u>521,277</u>	<u>209,667</u>
Miscellaneous income	<u>732,248</u>	<u>350,022</u>
17 OPERATING EXPENSES		
Salaries, Wages & Benefits	8,583,050	10,564,799
Rent, Rates and Taxes	911,200	852,900
Fee & Subscription	1,034,800	2,412,240
Utilities	514,514	289,990
Travelling & Conveyance	146,140	199,125
Internet & Mobile Charges	252,275	313,771
Insurance	156,000	89,570
Entertainment	426,918	319,452
Printing and Stationery	63,285	52,899
Courier Charges	9,439	7,774
Depreciation & Amortization	623,019	639,029
Repair & Maintenance Office	346,850	17,495
Running and Maintenance Vehicles	212,602	119,428
CDC Charges	266,570	89,024
Bad Debts	2,400	19,083
NCCPL Charges	1,431,332	327,027
Financial Charges	696,234	143,350
Other Office Expenses	<u>214,799</u>	<u>62,075</u>
	<u>15,891,427</u>	<u>16,519,030</u>
18 TAXATION		
Current	<u>5,181,946</u>	<u>1,081,820</u>
	<u>5,181,946</u>	<u>1,081,820</u>

INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31,2020

19 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, subsidiary companies, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. Significant balances and transactions with related parties are as follows:

<u>Nature of Transactions</u>	<u>Relationship</u>	Dec 2020 Rupees	June 2020 Rupees
<u><i>Sale of goods, services provided and reimbursement of expenses</i></u>			
Poseidon Synergies (Pvt.) Limited	Subsidiary	-	-
Media Info Systems (Pvt.) Limited	Associate	-	-
<u><i>Long Term Investments</i></u>			
Poseidon Synergies (Pvt.) Limited	Subsidiary	-	-
Media Info Systems (Pvt.) Limited	Associate	-	-

20 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.

20.1 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. 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.

20.1.1 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:

	December 2020 Rupees	June 2020 Rupees
Trade debts - unsecured	35,904,410	14,756,081
Investments	1,358	1,358
Advances, deposits and other receivables	96,456,006	41,024,363
Cash and bank balance	60,158,545	91,079,102
	192,520,318	146,860,904

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

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

This represents unquoted shares of Stock Exchanges received by the Company in pursuance of Stock Exchanges(Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company are 843,975 shares of Lahore Stock Exchange Limited(LSEL) . These include 60% shares of LSEL held in separate CDC blocked Account to restrict the sale of these shares by the members whereas stock exchanges will dispose of these shares under the Demutualization Act, however the proceeds of these shares and right to dividend/bonus is vested with the Company whereas the voting rights attached to these shares are suspended.

The Company has designated these shares at Fair Value through Other Comprehensive Income at initial recognition. Any subsequent changes in fair value will be recognized in other comprehensive income.

The fair value of these shares is determined by the company management that was vetted in the year 2015 for LSE shares.

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Past due but not impaired		
Not over due	23,017,686	2,239,117.00
Over due for less than 365 days	580,000	2,327,940.00
More than 1 year Less than 3 year	1,228,121	3,038,797.50
More than 3 year Less than 5 year	7,150,227	7,150,226.50
More than 5 year	3,928,377	-
	<u>35,904,410</u>	<u>14,756,081</u>

20 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.

20 Market risk

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

21.3.1 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.

21.3.2 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.

21.3.3 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up 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 or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 6,639,612 at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the balance sheet date except for, unquoted investments (if any) which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

21.3.4 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.

21 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on _____.

22 GENERAL

- Figures have been rounded off to the nearest rupee .

CHIEF EXECUTIVE

DIRECTOR

