

SHAJARPAK SECURITIES
(PRIVATE) LIMITED
Financial Statements For The
Year Ended 30 June 2021



INDEPENDENT AUDITORS' REPORT

To the members of Shajarpak Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Shajarpak Securities (Private) Limited (the Company), which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes 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 30 June 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

Shajarpak Securities (Private) Limited – 30 June 2021

Page 1 of 3

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

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

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of 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, 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).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Rashid Rahman Mir.


Rahman Sarfraz/Rahim Iqbal Rafiq,
CHARTERED ACCOUNTANTS
Lahore: 31 AUG 2021

SHAJARPAK SECURITIES (PRIVATE) LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

EQUITY & LIABILITIES	NOTE	30-Jun-21 Rupees	30-Jun-20 Rupees
SHARE CAPITAL AND RESERVES			
Share capital	3	50,000,000	35,000,000
Capital reserve			
Fair value reserve-measurement of equity securities at FVOCI		4,487,471	1,072,982
Revenue reserve			
Unappropriated profit		8,991,946	3,903,380
		63,479,417	39,976,362
NON-CURRENT LIABILITIES			
Deferred Liabilities	4	-	-
CURRENT LIABILITIES			
Trade and other payables	5	35,380,759	63,019,547
CONTINGENCIES AND COMMITMENTS			
	6		
		98,860,176	102,995,909

PROPERTY & ASSETS	NOTE	30-Jun-21 Rupees	30-Jun-20 Rupees
NON CURRENT ASSETS			
Property & equipment	7	5,317,380	5,287,698
Intangible assets	8	4,257,805	4,453,117
Long term deposits		1,023,000	1,023,000
		10,598,185	10,763,815
CURRENT ASSETS			
Trade debts	9	5,062,666	7,017,197
Short term Investments	10	24,758,785	17,408,553
Loans, advances & prepayments - considered good		839,600	669,290
Taxes refundable/adjustable	11	860,838	1,545,889
Cash and bank balances	12	56,740,102	65,591,165
		88,261,991	92,232,094
		98,860,176	102,995,909

The annexed notes from 1 to 27 form an integral part of these financial statements.

Statement under section 232(1) of the Companies Act, 2017:

These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

DIRECTOR

DIRECTOR



SHAJARPAK SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

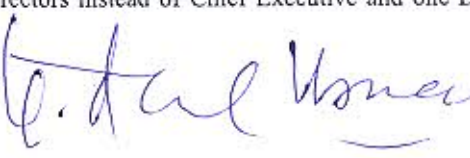
	NOTE	30-Jun-21 Rupees	30-Jun-20 Rupees
OPERATING INCOME	13	17,104,894	6,909,339
GAIN ON SALE OF SECURITIES - NET	14	962,997	-
OTHER INCOME	15	2,198,064	1,313,618
		<u>20,265,955</u>	<u>8,222,957</u>
OPERATING EXPENSES	16	(12,628,601)	(6,646,682)
FINANCE COST		(4,060)	(580)
		<u>(12,632,661)</u>	<u>(6,647,262)</u>
PROFIT BEFORE TAXATION		7,633,294	1,575,695
TAXATION	17	(1,364,562)	(369,860)
PROFIT AFTER TAXATION FOR THE YEAR		<u>6,268,732</u>	<u>1,205,835</u>
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX:			
ITEMS THAT WILL NEVER BE RECLASSIFIED SUBSEQUENTLY TO STATEMENT OF PROFIT OR LOSS:			
UNREALIZED GAIN/ (LOSS) ON INVESTMENT IN EQUITY INSTRUMENTS DESIGNATED AS "FVOCI"		2,234,323	(229,478)
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		2,234,323	(229,478)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>8,503,055</u>	<u>976,357</u>
EARNINGS PER SHARE-BASIC AND DILUTED	18	1.77	0.34

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DIRECTOR



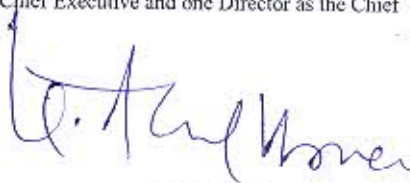
SHAJARPAK SECURITIES (PRIVATE) LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 30 JUNE 2021**

	Share capital	Capital Reserve Fair value reserve - unrealized	Revenue Reserve Unappropriated profit/(loss)	Total
	Rupees			
Balance as at 01 July 2019	35,000,000	1,302,460	2,697,545	39,000,005
Profit after taxation for the year	-	-	1,205,835	1,205,835
Other comprehensive loss for the year	-	(229,478)	-	(229,478)
	-	(229,478)	1,205,835	976,357
Balance as at 30 June 2020	35,000,000	1,072,982	3,903,380	39,976,362
Right issue 1.5 for 3.5 share (Rs.10 each)	15,000,000	-	-	15,000,000
Profit after taxation for the year	-	-	6,268,732	6,268,732
Other comprehensive gain for the year	-	2,234,323	-	2,234,323
Gain /(Loss) realized on disposal of investments in equity securities classified as at fair value through other comprehensive income	-	1,180,166	(1,180,166)	-
	-	3,414,489	5,088,566	8,503,055
Balance as at 30 June 2021	50,000,000	4,487,471	8,991,946	63,479,417

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DIRECTOR

SHAJRPAK SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	30-Jun-21 Rupees	30-Jun-20 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		7,633,294	1,575,695
Adjustments for:			
Depreciation		247,018	264,008
Amortization on computer software		195,312	217,013
Loss on sale of securities		(962,997)	-
Dividend income		(2,160,271)	(1,234,773)
Finance cost		4,060	580
		(2,676,878)	(753,172)
Operating cash flows before working capital changes		4,956,416	822,523
CHANGES IN WORKING CAPITAL			
(Increase)/decrease in current assets:			
Trade debts		1,954,531	(3,793,240)
Loans & advances		(170,310)	(9,740)
Taxes refundable/adjustable		685,051	100,934
(Decrease)/increase in current liabilities:			
Trade and other payables		(27,638,788)	49,327,453
		(25,169,516)	45,625,407
Cash (used in) /generated from operations		(20,213,100)	46,447,930
Finance cost paid		(4,060)	(580)
Income tax paid		(1,364,562)	(369,860)
Net cash (used in)/ generated from operating activities		(21,581,722)	46,077,490
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(276,700)	(17,000)
Increase in Short term investments		(11,609,002)	(618,676)
Proceeds from sale of investments		7,456,090	-
Dividend received		2,160,271	1,234,773
Net cash (used in)/ generated from investing activities		(2,269,341)	599,097
CASH FLOW FROM FINANCING ACTIVITIES			
Right shares issued		15,000,000	-
Net cash generated from financing activities		15,000,000	-
Net (decrease)/ increase in cash and cash equivalents during the year		(8,851,063)	46,676,587
Cash and cash equivalents at the beginning of the year		65,591,165	18,914,578
Cash and cash equivalents at the end of the year	12	56,740,102	65,591,165

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DIRECTOR


DIRECTOR



SHAJARPAK SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1 STATUS AND NATURE OF BUSINESS

Shajarpak Securities (Private) Limited (the company) is incorporated in Pakistan on 23 December 2013 and its registered office is situated at 415-424 Alfalah Building, The Mall, Lahore, Pakistan while its principal place of business is situated at 101, Lahore Stock Exchange Building, Lahore, Pakistan. The Company is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited and principal activities of the company include shares brokerage, investment in securities, portfolio management and other dealings related to shares and securities.

2 BASIS OF PREPARATION & SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

"These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed."

The management has voluntarily adopted IFRS instead of International Financial Reporting Standard for Small and Medium-Sized Entities (SMEs) issued by International Accounting Standard Board (IASB) and accordingly excessive disclosures has been given to achieve fair presentation of the financial statement.

2.2 Initial Application of a Standard, Amendment or an Interpretation to an Existing Standard and Forthcoming Requirements

a) Standards and interpretations that became effective but not relevant to the Company:

The following standards (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the company other than increased disclosures in certain cases:

- IFRS 3 - Business Combinations - (Amendments resulting from Annual Improvements 2015-2017 Cycle).
- IFRS 4 - Insurance Contracts- (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS-7 Financial Instrument disclosure- (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS-9 Financial Instrument- (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS-16 Leases- (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS-16 Leases- (Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification)
- IAS-28 Investment in Associates- (Amendments deferring the effective date of the September 2014 amendments)- (the sale or contribution of assets between an investor and its associate or joint venture)
- IAS-39 Financial Instruments: Recognition and Measurement- (Amendments regarding replacement issues in the context of the IBOR reform)

b) Forthcoming requirements not effective in current year and not considered relevant:

The following standards (revised or amended) and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:

- IFRS 3 - Business Combinations - (Amendments updating a reference to the Conceptual Framework)-(applicable for annual periods beginning on or after 1 January 2022)
- IFRS 4 - Insurance Contracts - (Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) issued)-(IFRS 17 will replace IFRS 4 as of 1 January 2023)



- IFRS 9 - Financial Instruments - (Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities)- (Effective for annual periods beginning on or after 1 January 2022))
- IFRS 17 - Insurance Contracts Published - (Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023)) - (Effective for annual periods beginning on or after 1 January 2023)
- IAS 1- Presentation of Financial Statements - (Amendments regarding the classification of liabilities)- (Effective for annual periods beginning on or after 1 January 2023)
- IAS 1- Presentation of Financial Statements - (Amendment to defer the effective date of the January 2020 amendments)- (Effective for annual periods beginning on or after 1 January 2023)
- IAS 1- Presentation of Financial Statements - (Amendments regarding the disclosure of accounting policies)- (Effective for annual periods beginning on or after 1 January 2023)
- IAS 12- Income Taxes - (Amendments regarding deferred tax on leases and decommissioning obligations)- (effective for annual periods beginning on or after 1 January 2023).
- IAS 16- Property, Plant and Equipment - (Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use)-(effective for annual periods beginning on or after 1 January 2022).
- IAS 37- Provisions, Contingent Liabilities and Contingent Assets - (Amendments regarding the costs to include when assessing whether a contract is onerous)-(effective for annual periods beginning on or after 1 January 2022).

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

2.3 Accounting convention

These financial statements have been prepared under the "Historical Cost Convention" except for financial instruments which are stated at fair value. The financial statements, except for cash flow information, have been prepared under the accrual basis of accounting.

2.4 Judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. 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 as follows:

Taxation	(note 2.7)
Useful lives of depreciable assets and residual value	(note 2.9)
Intangible assets	(note 2.10)

2.5 Provisions

Provisions are recognized in the statement of financial position when the company has a legal or constructive obligation as a result of past events, and it is probable that outflow of economic benefits will be required to settle the obligation. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.



2.6 Trade & other payables

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

2.7 Taxation

Current

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax credit and rebates, if any available under the Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the current rate of taxation. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax is charged and credited to income except in the case of items credited or charged to equity in which case it is included in equity.

2.8 Impairment

The carrying amounts of the company's assets are reviewed at statement of financial position date to determine whether there is any indication of impairment, if any such indication exists, the assets' recoverable amount is estimated and impairment losses are recognized.

2.9 Property & Equipment and Depreciation

Owned Assets

Property & Equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged on additions during the year from the month in which Property & Equipment become available for use while no depreciation is charged from the month of deletions/disposals.

Depreciation is charged to profit on reducing balance method so as to write off the value of assets over their estimated useful lives at rates disclosed in note 7. Depreciation methods, residual values and useful lives of assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Minor renewals or replacements, maintenance, repairs, gains or losses on disposal of Property & Equipment are included in statement of profit or loss currently. Major renewals and improvements are capitalized.

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

2.10 Intangible assets

Intangible assets acquired by the company are stated at cost less accumulated amortization and impairment losses, if any. Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to statement of profit or loss on a reducing balance method basis so as to write off the value of assets over their estimated useful lives at rates disclosed in note 8. Amortization is charged on additions during the year from the month in which intangible assets become available for use while no amortization is charged from the month of deletions/disposals. Amortization methods, residual values and useful lives of assets are reviewed at each financial year end and adjusted if impact on amortisation is significant.



Intangible assets having indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the company. However, the carrying amount is reviewed at each statement of financial position date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

2.11 Trade debts and other receivables

These are initially recorded at fair value and subsequently measured at amortized cost. Debts considered irrecoverable are written off/provided for in the year in which these are so determined by the management. Any allowance for doubtful debts is not created.

2.12 Tax on commission

This is shown as a deduction from commission income in statement of profit or loss.

2.13 Revenue Recognition

Brokerage and service charges are recognized as and when services are provided on accrual basis. Capital gains or losses on sale of investments are taken to income as and when these actually arise. Dividend is recognized when the shareholder's right to receive dividend is established.

2.14 Cash and Cash Equivalents

These consist of cash in hand, balances with banks and other short term highly liquid investments that are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

2.15 Financial instruments

Initial Recognition

Financial assets and financial liabilities are recognized when entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on trade date basis, except for sale and purchase of securities in future market, which are accounted for at settlement date.

Initial Measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs on initial recognition that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

All the financial assets of the Company as at statement of financial position date are carried under following categories.

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



Financial liabilities

Financial liabilities and equity instruments issued by Company are classified according to the substance of the contractual arrangements entered into. Financial liabilities are subsequently measured at amortized cost, using the effective interest method.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL, of which interest income is included in net gains or losses.

The effective interest method applied to financial liability is of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognized on an effective interest basis other than those financial liabilities designated as at FVTPL, of which the interest expense is included in net gains or losses.

Impairment of financial assets

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

2.16 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when the company has a legally enforceable right to set off the recognized asset and liability or intend either to settle on net basis or to realize the assets and settle the liabilities simultaneously. Corresponding income on the asset and charge on the liability is also offset.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

2.18 Foreign currency transactions

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date, except those covered under forward exchange contracts which are stated at contracted rate. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. All exchange differences are included in profit or loss for the year.

2.19 Related parties transactions

Transactions with related parties are carried out at arm's length and priced at comparable uncontrolled market price.

Parties are said to be related if they are generally considered to be able to influence the operating and financial decisions of the company and vice versa.

2.20 Presentation & functional currency

Figures in these financial statements are rounded off to the nearest Pakistan rupee, which is the company's presentation and functional currency. Comparative figures have been reclassified and rearranged, wherever necessary to facilitate comparison. Significant reclassifications and rearrangements are disclosed in relevant notes.



7 PROPERTY AND EQUIPMENT

Description	Leasehold	Owned				
	Stock Exchange Room on Leasehold	Furniture & Fittings	Office Equipment	Computers	Air Conditioning Equipment	Total
	Rupees					
Cost						
Balance as at 01 July 2019	5,495,700	215,178	737,171	1,104,356	77,720	7,630,125
Additions during the year	-	-	17,000	-	-	17,000
Disposals	-	-	-	-	-	-
Balance as at 30 June 2020	5,495,700	215,178	754,171	1,104,356	77,720	7,647,125
Additions during the year	-	33,200	159,000	84,500	-	276,700
Disposals	-	-	-	-	-	-
Balance as at 30 June 2021	5,495,700	248,378	913,171	1,188,856	77,720	7,923,825
Accumulated depreciation						
Balance as at 01 July 2019	700,102	106,831	353,325	889,771	45,390	2,095,419
Charge for the year	119,890	16,252	58,640	64,376	4,850	264,008
On disposals	-	-	-	-	-	-
Balance as at 30 June 2020	819,992	123,083	411,965	954,147	50,240	2,359,427
Charge for the year	116,893	16,304	59,461	50,238	4,122	247,018
On disposals	-	-	-	-	-	-
Balance as at 30 June 2021	936,885	139,387	471,426	1,004,385	54,362	2,606,445
Carrying amount- 30 JUNE 2021	4,558,815	108,991	441,745	184,471	23,358	5,317,380
Carrying amount- 30 JUNE 2020	4,675,708	92,095	342,206	150,209	27,480	5,287,698
Rates of Depreciation %	2.5	15	15	30	15	



Note

30-Jun-21
Rupees30-Jun-20
Rupees**3 SHARE CAPITAL**

30-Jun-21	30-Jun-20
Number of Shares	

Authorized capital

Ordinary shares of Rs. 10/- each	10,000,000	10,000,000	100,000,000	100,000,000
----------------------------------	------------	------------	-------------	-------------

Issued, subscribed and paid up capital

Ordinary shares of Rs. 10/- each

- Fully paid in cash	4,900,000	3,400,000	49,000,000	34,000,000
- Fully paid bonus shares	100,000	100,000	1,000,000	1,000,000
	<u>5,000,000</u>	<u>3,500,000</u>	<u>50,000,000</u>	<u>35,000,000</u>

Reconciliation of opening and closing issued, subscribed and paid-up capital

Opening balance	3,500,000	3,500,000	35,000,000	35,000,000
Right issue during the year	1,500,000	-	15,000,000	-
Closing balance	<u>5,000,000</u>	<u>3,500,000</u>	<u>50,000,000</u>	<u>35,000,000</u>

All the shares are similar with respect to their rights on voting, board selection, first refusal and block voting.

4 DEFERRED LIABILITIES

Deferred Taxation

-	-
---	---

Deferred tax is recognized in past years in respect of all temporary differences arising from carrying values of assets and liabilities in financial statements and their tax base. The company in accordance with its policies and as matter of prudence has not recognised deferred tax asset of Rs. 700,017/- (2020: Rs. 1,445,467/-). The deferred tax asset not recognised is mainly on account of unused tax losses and minimum tax adjustable."

5 TRADE AND OTHER PAYABLES

Trade payables	5.1	25,399,252	62,628,046
Accrued & other liabilities		9,585,463	304,550
Taxes payables		<u>396,044</u>	<u>86,951</u>
		<u>35,380,759</u>	<u>63,019,547</u>

5.1 This includes balances amounting to Rs. 1,050,701/- (2020: Rs. 10,963,864/-) due to directors, chief executive & other related parties.

6 CONTINGENCIES AND COMMITMENTS

The company is not exposed to any contingent liability and has not made any commitment at the year end (2020: Nil).



Note

30-Jun-21
Rupees30-Jun-20
Rupees**8 INTANGIBLE ASSETS**

Trading Right Entitlement Certificate (TREC)	8.1	2,500,000	2,500,000
Computer Software	8.2	1,757,805	1,953,117
		<u>4,257,805</u>	<u>4,453,117</u>
8.1 Value as at July 01,		2,500,000	2,500,000
Impairment loss on TRE Certificate		-	-
		<u>2,500,000</u>	<u>2,500,000</u>

The TRE Certificate carried on the value which has been advised by PSX for the Base Minimum Capital Requirement and considered having indefinite useful life.

8.2 Computer Software**Cost**

Opening balance	3,523,000	3,523,000
Additions during the year	-	-
Disposals during the year	-	-
Closing balance	<u>3,523,000</u>	<u>3,523,000</u>

Accumulated Amortization

Opening balance	1,569,883	1,352,870
Charged during the year	195,312	217,013
On disposal	-	-
Closing balance	<u>1,765,195</u>	<u>1,569,883</u>
	<u>1,757,805</u>	<u>1,953,117</u>

Amortization Rate

10% 10%

8.3 The company has no internally generated goodwill.

9 TRADE DEBTS

These are unsecured but considered good by the management.

5,062,666 7,017,197

The balances due from directors, chief executive & other related parties along with their maximum aggregate balance due at the end of any month during the year were as follows;

<u>Name of related party</u>	<u>Maximum aggregate balance</u>		
Mr. Omer Bin Aamir	63,417	-	-
Mr. Khawaja Ahmed Usman	1,304	-	652
Miss. Rubina Arsalan	934	-	-
Miss. Sarah Khalid Usman	72,843	-	-
		<u>-</u>	<u>652</u>



Note

30-Jun-21
Rupees30-Jun-20
Rupees

10 SHORT TERM INVESTMENTS

At fair value through OCI



Quoted shares

10.1 16,916,569 9,745,260

Un-Quoted shares

10.2 7,842,216 7,663,293

24,758,785 17,408,553

10.1 Quoted shares:

Name of investee	30 JUN. 2021			30 JUN. 2020		
	Number of shares	Cost	Carrying Value	Number of shares	Cost	Carrying Value
		Rupees	Rupees		Rupees	Rupees
Bunny's Limited	13,000	516,550	536,120	-	-	-
Oil & Gas Development Corp. Limited	25,000	2,762,773	2,375,750	5,300	801,031	577,700
Engro Fertilizers Limited	56,018	3,725,682	3,936,385	11,000	878,626	663,080
Engro Corporation Limited	5,400	1,852,655	1,590,894	4,400	1,546,155	1,288,848
Engro Polymer & Chemicals Limited	20,000	972,000	944,800	-	-	-
Nishat (Chunian) Limited	-	-	-	50,000	1,977,170	1,622,500
Hascol Petroleum Limited	41,395	1,627,725	369,657	41,395	1,627,725	562,972
Jahangir Siddiqui & Company Limited	10,000	308,300	225,600	-	-	-
Maple Leaf Cement Factory Limited	10,000	437,000	469,800	-	-	-
Millat Tractors Limited	3,798	2,800,107	4,100,359	3,375	2,334,377	2,383,290
Cherat Cement Company Limited	11,000	1,412,239	1,951,180	11,000	1,412,239	958,870
Panther Tyres Limited	6,018	395,984	416,024	-	-	-
Fauji Cement Company Limited	-	-	-	100,000	2,297,950	1,688,000
	201,629	16,811,016	16,916,569	226,470	12,875,273	9,745,260

10.2 Unquoted shares:

Name of investee	30 JUN. 2021			30 JUN. 2020		
	Number of shares	Cost	Carrying Value	Number of shares	Cost	Carrying Value
		Rupees	Rupees		Rupees	Rupees
Lahore Stock Exchange Ltd.	337,590	3,460,298	7,842,216	337,590	3,460,298	7,663,293
	337,590	3,460,298	7,842,216	337,590	3,460,298	7,663,293

★ Shares having carrying value of Rs. 7,842,216/- (2020: Rs. 7,663,293/-) have been pledged against Base Minimum Capital (BMC) and shares having carrying value of Rs. 11,666,324/- (2020: Rs. 5,525,510/-) have been pledged against market exposure for trade of shares with Pakistan Stock Exchange. Further the unquoted shares have been taken at breakup value as per latest available audited financial statements for the year ended 30 June 2020.

11 TAXES RECOVERABLE/ADJUSTABLE

Advance income tax

2,198,461 1,915,749

Less : provision for taxation

(1,337,623) (369,860)

860,838 1,545,889

12 CASH AND BANK BALANCES

Cash in hand

-

Cash at bank:

Current accounts

12 56,740,102 65,591,165

56,740,102 65,591,165

12.1 It includes Rs. 25,399,252/- (2020: Rs 60,900,104/-) pertaining to clients kept in separate bank accounts.



	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
13 OPERATING INCOME			
Commission income		19,841,677	8,014,834
Less: Federal excise duty		(2,736,783)	(1,105,495)
		<u>17,104,894</u>	<u>6,909,339</u>
14 GAIN ON SALE OF SECURITIES - NET			
Carrying value of investment		6,493,093	-
Fair value at the time of sale		(7,456,090)	-
		<u>962,997</u>	<u>-</u>
15 OTHER INCOME			
Income from Financial Assets:			
Dividend Income in the form of:			
Cash		1,595,781	947,547
Bonus Shares		564,490	287,226
	15.1	<u>2,160,271</u>	<u>1,234,773</u>
Markup income		18,264	49,669
		<u>2,178,535</u>	<u>1,284,442</u>
Income from non-financial assets:			
Income from physical shares processing		7,270	14,670
Reversal of excess provision		-	14,506
Commission from IPO		12,259	-
		<u>19,529</u>	<u>29,176</u>
		<u>2,198,064</u>	<u>1,313,618</u>
15.1	It includes dividends related to investments disposed off during the year amounting to Rs. 50,000 (2020: nil).		
16 OPERATING EXPENSES			
CEO commission		2,516,858	-
Staff salaries and allowances		5,278,346	3,331,520
Printing and stationery		53,593	54,409
Entertainment		113,108	74,554
Travelling and conveyance		33,815	19,110
Repairs and maintenance		389,625	201,330
Postage and courier		53,674	37,597
Newspaper and Periodicals		22,083	5,135
Rent, Rates and Taxes		19,425	18,567
Telephone and internet expenses		461,417	445,029
Electricity expenses		317,163	260,663
PSX related charges		354,760	113,866
NCCPL Charges		264,550	92,863
Central depository expenses (Net)		10,894	12,830
Fees and subscriptions		1,127,022	994,280
Depreciation		247,018	264,008
Insurance Charges		4,275	4,683
Amortization of software		195,312	217,013
Office maintenance		95,424	95,424
Auditors' remuneration	16.1	275,000	250,000
Other Auditors' fees		-	95,000
Other Expenses		97,543	58,801
Medical expenses		697,696	-
		<u>12,628,601</u>	<u>6,646,682</u>
16.1	Auditors' remuneration consist of:		
Audit Fee		181,500	165,000
Taxation Services		60,500	55,000
Other Certifications		33,000	30,000
		<u>275,000</u>	<u>250,000</u>



	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
17 TAXATION			
Current	17.1	1,337,623	369,860
Deferred taxation	17.2	-	-
Prior year		26,939	-
		<u>1,364,562</u>	<u>369,860</u>

17.1 Provision for the current year has been made at the current tax rate after taking into account tax rebates and tax credits available. The income tax assessments of the Company have been finalized up to tax year 2020.

17.2 Relationship between tax expense and accounting profit:

The company has not prepared reconciliation between tax expense and accounting profit as it charged to minimum tax/fixed tax/alternate corporate tax during current and previous year and the relation between tax expense and accounting profit is not meaningful.

18 EARNINGS PER SHARE - BASIC AND DILUTED

Earnings per share is calculated by dividing the profit/(loss) after tax for the year by the weighted average number of shares outstanding during the year as follows:

Profit after tax	6,268,732	1,205,835
Weighted average number of ordinary shares in issue during the period	3,532,877	★ 3,500,000
Earnings per share	1.77	★ 0.34

★ Due to no change in value of shares there is no impact of restatement.

The Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised, therefore no figure for diluted earnings per share has been presented.

19 REMUNERATION OF DIRECTORS, EXECUTIVES AND CHIEF EXECUTIVE

No remuneration or benefits of any kind, to any of the chief executive, directors and executives of the company, were charged in these financial statements other than disclosed in note 19. The aggregate amount charged in the accounts for the year for remuneration including certain benefits to Chief Executive of the Company are as follows:

Description	2021		2020
	Chief Executive	Total	Total
	Rupees		Rupees
Managerial remuneration	-	-	-
Provident Fund	-	-	-
Commission	2,516,858	2,516,858	-
Gratuity Expense	-	-	-
	<u>2,516,858</u>	<u>2,516,858</u>	<u>-</u>
No. of persons	<u>1</u>	<u>1</u>	<u>1</u>



Note

30-Jun-21
Rupees30-Jun-20
Rupees

20 TRANSACTIONS WITH RELATED PARTIES

The company, in the normal course of business, carries out transactions with various related parties which comprise of key management personnel. Balances due to/due from related parties are disclosed in note 5 and 9. Remuneration of directors and chief executive is disclosed in note 19. Total amount of transactions with directors, chief executives and other related parties are as follows:

Relationship

Directors, Chief executives and other related parties

Nature of transaction

Commission on trading of securities

160,024

133,201

Following are the related parties with whom the company had entered into transactions during the year;

Name	Relationship	Basis of relationship	Shareholding
Mr. Omer Bin Aamir	Chief Executive (CEO)	Key Management Personal	-
Khawaja Ahmed Arsalan	Director	Shareholding	25%
Khawaja Ahmed Inran	Director	Shareholding	25%
Khawaja Ahmed Usman	Director	Shareholding	25%
Khawaja Ahmed Hassan	Director	Shareholding	25%
Miss. Momina Omer	Family member	Spouse of CEO	-
Miss. Rubina Arsalan	Family member	Spouse of Director	-
Miss. Sarah Khalid Usman	Family member	Spouse of Director	-
Miss. Ayesha Hassan	Family member	Spouse of Director	-



21 FINANCIAL INSTRUMENTS

The Company has exposures 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.

21.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade debts. Out of the total financial assets of Rs. 88,374,153/- (2020: Rs. 91,621,705/-) the financial assets which are subject to credit risk are amounted to Rs. 88,374,153/- (2020: Rs. 91,621,705/-).

To manage exposure to credit risk in respect of trade debts management performs credit reviews taking into account the customer's financial position, past experience and obtain advance payments from certain parties.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	30-Jun-21 Rupees	30-Jun-20 Rupees
Long Term Deposits	1,023,000	1,023,000
Trade debts	5,062,666	7,017,197
Short term investments	24,758,785	17,408,553
Loans, advances & prepayment	789,600	581,790
Bank balances	56,740,102	65,591,165
	<u>88,374,153</u>	<u>91,621,705</u>

All the trade debts at the statement of financial position date represent domestic parties. The aging of trade debts at the reporting date is:

Due for 1-14 days	4,204,443	5,551,700
Due for more than 14 days	858,223	1,465,497
	<u>5,062,666</u>	<u>7,017,197</u>

In the opinion of the management, no provision is necessary for balances due for more than 14 days as these are considered good based on payment history.

Credit risk related to bank balance

The bank balance represents low credit risk as this is placed with bank having good credit rating assigned by independent credit rating agency. The credit quality of bank balance can be assessed with reference to external credit rating as follows:

Bank Name	Rating Agency	Rating		30-Jun-21 Rupees	30-Jun-20 Rupees
		Short term	Long term		
Bank Al-Habib Limited	PACRA	A1+	AAA	39,174,971	63,158,774
Summit Bank Limited	VIS	A-3	BBB-	2,041,520	384,331
MCB Bank Limited	PACRA	A1+	AAA	15,523,611	2,048,060
				<u>56,740,102</u>	<u>65,591,165</u>

21.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to manage liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The company is not materially exposed to liquidity risk as substantially all obligations/commitments of the company are short term in nature.



The following are the contractual maturities of the financial liabilities:

Carrying amount	Contractual Cash flows	Six Months or Less	Six to twelve months	One to two years
Rupees				

30 June 2021

Trade and other payables

34,984,715	34,984,715	34,984,715	-	-
34,984,715	34,984,715	34,984,715	-	-

30 June 2020

Trade and other payables

62,932,596	62,932,596	62,932,596	-	-
62,932,596	62,932,596	62,932,596	-	-

21.3 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 of financial instruments.

21.3.1 Currency risk

The Company is not exposed to any currency risk as it does not hold any foreign currency receivables and payables.

21.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Sensitivity to interest/mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The company manages these mismatches through risk management strategies.

21.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Company is exposed to equity price risk since it has investment in quoted equity securities amounting to Rs. 16,916,569/- (2020: Rs. 9,745,260/-) and unquoted equity securities amounting to Rs. 7,842,216/- (2020: Rs. 7,663,293/-) at statement of financial position date.

The carrying value of investment subject to equity price risk are based on quoted market prices and unquoted shares break-up value as per latest available audited financial statements. Market & break-up prices are subject to fluctuation and consequently the amount recognized in the subsequent sale of an investment may significantly differ from the reported values.

The Company's strategy is to hold its equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations 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 strict discipline in internal risk management and investment policies.

Sensitivity analysis

The table below summarizes company's equity price risk as of 30 June 2021 shows the effects of a hypothetical 10% increase and a 10% decrease in market & break-up 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, results could be worse because of the nature of equity markets.



Had all equity investments been measured at fair values as required by IFRS 9 "Financial Instruments", the impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase/ (decrease) in profit before tax
30 June 2021	24,758,785	10% increase	27,234,664	2,475,879	2,475,879
		10% decrease	22,282,907	(2,475,879)	(2,475,879)
30 June 2020	17,408,553	10% increase	19,149,408	1,740,855	1,740,855
		10% decrease	15,667,698	(1,740,855)	(1,740,855)

21.4 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. The company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs.

The table below analyses equity instrument 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:

		Level 1	Level 2	Level 3
30 June 2021	Equity securities	16,916,569	7,842,216	-
30 June 2020	Equity securities	9,745,260	7,663,293	-

As at 30 June 2021, the fair value of all financial instruments has been based on the valuation methodology outlined below:

Long term deposits

Long term deposits do not carry any rate of return. The fair value of these has been taken at book value as it is not considered materially different and readily exchangeable.

Other financial instruments

The fair values of all other financial instruments are considered to approximate their book values as they are short term in nature.

Categories of financial instruments

Financial Instrument	Categories of financial instrument	30-Jun-21 Rupees	30-Jun-20 Rupees
Financial Assets			
Long Term Deposits	At amortized cost	1,023,000	1,023,000
Trade debts	At amortized cost	5,062,666	7,017,197
Loans, advances & prepayment	At amortized cost	789,600	581,790
Cash and bank balances	At amortized cost	56,740,102	65,591,165
		63,615,368	74,213,152
Short term investments	At fair value through OCI	24,758,785	17,408,553
		88,374,153	91,621,705
Financial Liabilities			
Trade and other payables	At amortized cost	34,984,715	62,932,596
		34,984,715	62,932,596



22 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain creditors and market confidence, sustain future development of business, safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The capital adequacy level of the company is as follows:

	30-Jun-21 Rupees	30-Jun-20 Rupees
Total assets	98,860,176	102,995,909
Less : Total liabilities	(35,380,759)	(63,019,547)
Less : Revaluation reserves (created upon revaluation of fixed assets)	-	-
	<u>63,479,417</u>	<u>39,976,362</u>

While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by the company as at year ended 30 June 2021 as determined by Pakistan Stock Exchange has been considered.

Consistently with others in the industry, the company monitors capital on the basis of the net debt-to-equity ratio. This ratio is calculated as net debt ÷ equity. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Equity comprises of share capital, reserves and unappropriated profit. The company has nil amount of borrowings/net debts at the year end, therefore gearing ratios of the company is not applicable.

23 DISCLOSURES UNDER SECURITIES BROKERS (LICENSING AND OPERATIONS) REGULATIONS, 2016

Following additional disclosures not elsewhere disclosed in these financial statements are being provided to comply with the requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016:

23.1 NET CAPITAL BALANCE

The Net Capital Balance as required under Second Schedule of Securities Brokers (Licensing and Operations) Regulations 2016 (the regulations) read with Rule 2(d) of the Securities and Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities & Exchange Commission of Pakistan (SECP) is calculated as follows:

DESCRIPTION	VALUATION	Note	RUPEES
CURRENT ASSETS			
Cash in hand or in bank	As per Book Value	23.2 (i)	56,740,102
Trade Receivable	Book Value less overdue for more than 14 days	23.2 (ii)	4,204,443
Investment in listed securities in the name of broker	Securities on the exposure list marked to market less 15% discount	23.2 (iii)	14,379,084
Securities purchased for customers	Securities purchased for the customer and held by the broker where the payment has not been received within fourteen days		-
Listed TFCs/ Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan	Marked to Market less 10% discount		-
FIBs	Marked to Market less 5% discount		-
Any other current asset specified by the Commission	At market value		-
			<u>75,323,629</u>



CURRENT LIABILITIES

Trade Payables	Book value less overdue for more than 30 days	23.2 (iv)	15,617,000
Other Payables	As classified under the generally accepted accounting principles	23.2 (v)	19,763,759
			<u>35,380,759</u>
	Net capital balance as at June 30, 2021		<u>39,942,870</u>
23.2	Notes to the net capital balance of the company		Rupees
(i)	Cash and bank balances		
	Cash in Hand		-
	Cash at Bank		
	Bank Balances pertaining to Brokerage House		31,340,850
	Bank Balances Pertaining to Clients		<u>25,399,252</u>
			<u>56,740,102</u>
(ii)	Trade Receivable		
	Total Receivables		5,062,666
	Less: Outstanding for more than 14 Days		<u>(858,223)</u>
	Outstanding for 14 Days or less		<u>4,204,443</u>
(iii)	Investment in Listed Securities		
	In the name of Broker - Market value		16,916,569
	Less: 15% Discount		<u>(2,537,485)</u>
			<u>14,379,084</u>
(iv)	Trade Payables		
	Total Payables		25,399,252
	Less: Due for more than 30 days		<u>(9,782,252)</u>
	Due for 30 days or less		<u>15,617,000</u>
(v)	Other Payables		
	Trade Payables - Due for more than 30 days		9,782,252
	Accrued Liabilities and Other Payables		<u>9,981,507</u>
			<u>19,763,759</u>



23.3 LIQUID CAPITAL

The Liquid Capital Balance as required under third Schedule of Securities Brokers (Licensing and Operations) Regulations 2016 (the regulations) issued by the Securities & Exchange Commission of Pakistan (SECP) is calculated as follows;

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
I. Assets				
1.1	Property & Equipment	5,317,380	5,317,380	-
1.2	Intangible Assets	4,257,805	4,257,805	-
1.3	Investment in Govt. Securities	-	-	-
1.4	Investment in Debt Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
1.5	Investment in Equity Securities			
	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.	16,916,569	2,633,587	14,282,982
	ii. If unlisted, 100% of carrying value.	7,842,216	7,842,216	-
	iii. In case any securities are pledged, except those pledged in favor of securities exchange or clearing house against margin requirements or pledged in favor of banks against short-term financing arrangements, 100% haircut shall be applied for the purposes of computation of adjusted value of assets.	-	-	-
1.6	Investment in subsidiaries	-	-	-
1.7	Investment in associated companies/undertaking			
	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.	-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	800,000	800,000	-
1.9	Margin deposits with exchange and clearing house.	200,000	-	200,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	73,000	73,000	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. <i>Securities purchased under repo arrangement shall not be included in the investments.</i>	-	-	-
1.15	Advances and Receivables other than trade receivables			
	(i) Short Term Loans to Employees: Loans are Secured and Due for repayment within 12 Months.	-	-	-
	(ii) Advance tax to the extent it is netted with provision of taxation	-	-	-
	(iii) In all other cases	1,650,438	1,650,438	-
1.16	Receivables from clearing house or securities exchange(s)			
	(i) 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	(ii) Receivables on entitlements against trading of securities in all markets including MtM gains.	-	-	-
1.17	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.	-	-	-
	ii. Lower of net balance sheet value or value determined through adjustments.	-	-	-
	iii. In case receivables are against margin trading, 5% of the net balance sheet value.	-	-	-
	iv. 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. <i>Net amount after deducting haircut</i>	-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. <i>Balance sheet value</i>	3,456,394	-	3,456,394
	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. v. <i>Lower of net balance sheet value or value determined through adjustments</i> vi. <i>100% haircut in the case of amount receivable from related parties.</i>	1,606,272	817,886	788,386
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	31,340,850	-	31,340,850
	ii. Bank balance-customer accounts	25,399,252	-	25,399,252
	iii. Cash in hand	-	-	-
1.19	Subscription money against investment in IPO/offer for sale (asset)			
	Amount paid as subscription money if shares have not been allotted or are not included in the investments of securities broker.	-	-	-
1.20	Total Assets	98,860,176	23,392,311	75,467,865
2.	Liabilities			
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	701,614	-	701,614
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	24,697,638	-	24,697,638
2.2	Current Liabilities			
	i. Statutory and regulatory dues	396,044	-	396,044
	ii. Accruals and other payables	9,585,463	-	9,585,463
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for taxation	-	-	-
	viii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	Non-Current Liabilities			
	i. Long-Term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	Subordinated Loans			
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	-	-	-
2.5	Advance against shares for increase in capital of securities broker			
	If: (a) The existing authorized share capital allows the proposed enhanced share capital (b) Board of Directors of the company has approved the increase in capital (c) Relevant Regulatory approvals have been obtained (d) There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed (e) Auditor is satisfied that such advance is against the increase of capital.	-	-	-
2.6	Total Liabilities	35,380,759	-	35,380,759
3.	Ranking Liabilities Relating to :			
3.1	Concentration in Margin Financing			
	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.	-	-	-
3.2	Concentration in securities lending and borrowing			
	The amount by which the aggregate of: (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	-	-	-
3.3	Net underwriting Commitments			



	(a) in the case of right issues : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitments (b) in any other case : 12.5% of the net underwriting commitments	-	-	-
3.4	Negative equity of subsidiary The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	Foreign exchange agreements and foreign currency positions 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	-	-	-
3.7	Repo adjustment In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. 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.	-	-	-
3.8	Concentrated proprietary positions 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	-	-	-
3.9	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 ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	Short sell positions i. In case 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 ii. In case 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	-	-	-
		63,479,417	23,392,311	40,087,105

Liquid Capital as at 30 June 2021

40,087,105

24 NUMBER OF EMPLOYEES

Number of employees as at 30 June 2021 were 7 (2020: 7).

Average number of employees during the year were 7 (2020: 7).



25 **IMPACT OF COVID-19 ON FINANCIAL STATEMENT**

A novel strain of corona virus (COVID-19) that was classified as a pandemic by the World Health Organization in March 2020, is impacting countries globally. This pandemic has significantly affected all segments of economy. The fair value determination at the measurement date has become more challenging due to the uncertainty of the economic impact of COVID-19. The Company expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and management have evaluated and concluded that there is no going concern uncertainty and there are no material implications of COVID-19 impacts that requires disclosures/ adjustments in these financial statements.

26 **EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE**

There are no significant activities since 30 June 2021 causing any adjustment/disclosure in these financial statements.

27 **DATE OF AUTHORIZATION**

These financial statements were authorized for issue on 31 AUG 2021 by the Board of Directors.


DIRECTOR


DIRECTOR

