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**Rahman Sarfaraz Rahim Iqbal Rafiq**

CHARTERED ACCOUNTANTS

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**AUDITED FINANCIAL STATEMENTS  
OF  
SHERMAN SECURITIES  
(PRIVATE) LIMITED  
FOR THE YEAR ENDED  
JUNE 30, 2021**

**Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants  
KARACHI, LAHORE & ISLAMABAD**



## INDEPENDENT AUDITORS' REPORT

To the members of Sherman Securities (Private) Limited

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit, total 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- 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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980);
- e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Rafiq Dosani**.

  
**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants

**Karachi**

Date: 27 SEP 2021





## DIRECTORS' REPORT TO THE MEMBERS

### Dear Shareholders

On behalf of the Board of Directors the undersigned takes pleasure to present before you the Financial Statements for the financial year ended June 30, 2021 along with Auditor's Report thereon. The Board has considered and approved the Company's audited financial results. During the year under review, operating revenue stood at Rs. 84,444,774/- as compared to Rs. 94,175,164/- in 2020.

### Market Review:

During FY2021, Global equity markets, which plummeted in March 2020, rebounded when governments around the globe injected big stimulus money into their economies. Pakistan Stock Exchange (PSX) also successfully powered through the initial COVID-19 induced economic downturn and earned the title of being the 'best Asian stock market and fourth best-performing market across the world. During July-May FY2021, the benchmark KSE-100 index improved from 34,889 points to 47,896 points, gaining 13,006 points in the said period. As of May 31, 2021, the total market capitalization of the Pakistan Stock Exchange was Rs 8,267 billion. An increase of 26.6 percent was witnessed in market capitalization, compared with the June 30, 2020 market capitalization of Rs 6,529 billion.

### Future Outlook:

Economic uncertainty inflicted by Covid-19 pandemic has greatly affected the future planning and current performance of the Company. Management is aware of the ensuing problems and has prepared its strategic plans accordingly.

### Auditors:

The retiring auditor's M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible have offered themselves for reappointment for the financial year ended June 30, 2022, subject to approval by the members in the forthcoming annual general meeting.

### Pattern of Share Holdings:

Pattern of shareholding is attached to the report.

### Acknowledgement

We are grateful to the Company's Clients for their continuing confidence and patronage. We acknowledge and appreciate the hard work put in by the employees of the Company.

  
**Muhammad Samin**  
Chief Executive

For and on behalf of the Board



  
**Muhammad Sadiq Samin**  
Director

Dated: September 27, 2021

### Sherman Securities (Pvt.) Ltd.

TREC Holder, Pakistan Stock Exchange Limited  
Registered Broker Securities & Exchange Commission of Pakistan

**Corporate Office:** 501-502, 5th Floor,  
Continental Trade Centre, G/6,  
Block-8, Main Clifton Road, Karachi.  
Tel: (92-21) 35302921-29  
Fax: (92-21) 35302930

**Stock Exchange:** Room No. 124,  
3rd Floor, Pakistan Stock Exchange  
Karachi-74000, Pakistan.  
Tel: (92-21) 32426002-5, 32422849-52  
Fax: (92-21) 32417472



**STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE CODE FOR SECURITIES  
BROKER (GIVEN UNDER ANNEXURE-D OF SECURITIES BROKERS LICENSING & OPERATIONS  
REGULATION (2016)**

Sherman Securities (Pvt.) Limited is in compliance with the corporate Governance Code for Securities Broker as mentioned in Annexure D of Regulation 16(1) (f) of Securities Broker (Licensing & Operations) Regulations, 2016.

**Muhammad Samin**

Chief Executive Officer



**Muhammad Sadiq**

Director

**Sherman Securities (Pvt.) Ltd.**

TREC Folder: Pakistan Stock Exchange Limited

Registered Broker: Securities & Exchange Commission of Pakistan

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**STATEMENT BY CHIEF EXECUTIVE OFFICER**

I, Muhammad Samin, Chief Executive Officer of Sherman Securities (Pvt.) Limited hereby declare that there are no transactions entered into by Sherman Securities (Pvt.) limited during the year, which are fraudulent, illegal or violation of any securities market laws.

**Muhammad Samin**

Chief Executive Officer



**Sherman Securities (Pvt.) Ltd.**

TRIC Holder: Pakistan Stock Exchange Limited

Registered Broker: Securities & Exchange Commission of Pakistan

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# Sherman Securities (Private) Limited

## Statement of Financial Position

As at June 30, 2021

ASSETS	Note	2021 Rupees	2020
<b>Non-current assets</b>			
Property and equipment	4	64,487,238	17,799,661
Intangible assets	5	3,933,675	4,042,094
Long term deposits	6	4,100,000	4,200,000
		72,520,913	26,041,755
<b>Current assets</b>			
Trade debts	7	14,228,133	6,315,055
Short term investments	8	1,455,414,643	1,099,497,941
Loans, prepayments and other receivables	9	28,078,153	11,974,074
Tax refundable due from government	10	20,776,631	79,838,056
Cash and bank balances	11	90,653,044	83,331,841
		1,609,150,604	1,280,956,967
<b>Total assets</b>		<b>1,681,671,517</b>	<b>1,306,998,722</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital	12	150,000,000	150,000,000
Issued, subscribed and paid up capital	12	120,000,000	120,000,000
Unappropriated profit		1,122,244,799	704,389,599
		1,242,244,799	824,389,599
<b>Current liabilities</b>			
Short term borrowings - secured	13	324,372,046	386,334,108
Trade and other payables	14	108,426,630	87,051,155
Murabaha financing	15	-	-
Accrued markup	16	6,628,042	9,223,860
		439,426,718	482,609,123
Contingencies and commitments	17	-	-
<b>Total equity and liabilities</b>		<b>1,681,671,517</b>	<b>1,306,998,722</b>

The annexed notes from 1 to 29 form an integral part of these financial

  
CHIEF EXECUTIVE

  
DIRECTOR



# Sherman Securities (Private) Limited

## Statement of Profit or Loss

For the year ended June 30, 2021

	Note	2021 Rupees	2020
Operating revenue	18	84,444,774	94,175,164
Capital gain / (loss) on sale of investment		325,579,580	(69,917,952)
Gain on re-measurement of investments carried at fair value through profit or loss - net		<u>135,503,271</u>	<u>333,796,621</u>
		<u>545,527,625</u>	<u>358,053,833</u>
<b>Operating Expenses</b>			
Administrative expenses	19	(103,861,022)	(64,004,300)
Financial charges	20	(14,501,982)	(86,692,942)
		<u>(118,363,004)</u>	<u>(150,697,242)</u>
Other income	21	<u>2,136,514</u>	<u>790,563</u>
<b>Profit / (loss) before taxation</b>		<u>429,301,135</u>	<u>208,147,153</u>
Taxation	22	(11,445,935)	(8,360,162)
<b>Profit / (loss) after taxation</b>		<u><u>417,855,200</u></u>	<u><u>199,786,991</u></u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

# Sherman Securities (Private) Limited

## Statement of Comprehensive Income

For the year ended June 30, 2021

	2021	2020
	————— Rupees —————	
Profit / (loss) after taxation	417,855,200	199,786,991
Other comprehensive income	-	-
Total comprehensive gain for the year	<u>417,855,200</u>	<u>199,786,991</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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CHIEF EXECUTIVE

  
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DIRECTOR



# Sherman Securities (Private) Limited

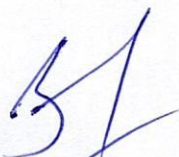
## Statement of Changes in Equity

For the year ended June 30, 2021

	Issued, subscribed and paid up capital	Revenue reserve	
		Unappropriated profit	Total
	Rupees		
Balance as at June 30, 2019	120,000,000	504,602,608	624,602,608
Profit for the year	-	199,786,991	199,786,991
Other comprehensive income for the year	-	-	-
	-	199,786,991	199,786,991
Balance as at June 30, 2020	120,000,000	704,389,599	824,389,599
Profit for the year	-	417,855,200	417,855,200
Other comprehensive income for the year	-	-	-
	-	417,855,200	417,855,200
Balance as at June 30, 2021	<u>120,000,000</u>	<u>1,122,244,799</u>	<u>1,242,244,799</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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CHIEF EXECUTIVE



DIRECTOR



# Sherman Securities (Private) Limited

## Statement of Cash Flows

For the year ended June 30, 2021

	2021	2020
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	429,301,135	208,147,153
Adjustment for:		
Depreciation for property & equipment	4 7,962,245	3,603,832
Amortization of software	5 108,419	135,524
Gain on sale of securities	(325,579,580)	69,917,952
(Gain) / Loss on re-measurement of investments carried at fair value through profit or loss	(135,503,271)	(333,796,621)
Financial charges	20 14,501,982	86,692,942
Interest income on cash margin placed with NCCPL	21 (1,099,688)	(790,563)
Reversal of impairment	21 (1,036,826)	-
	<u>(440,646,719)</u>	<u>(174,236,934)</u>
Operating profit before working capital changes	(11,345,584)	33,910,219
<b>Effect on cash flows due to working capital changes</b>		
<b>Decrease / (increase) in current assets</b>		
Trade debts	(6,876,252)	6,286,505
Advance, prepayments & other receivables	(16,104,079)	(751,089)
Sale and purchase of securities-net	105,166,149	377,963,600
	82,185,818	383,499,016
<b>Decrease in current liabilities</b>		
Creditors, accrued and other liabilities	21,375,475	37,976,344
<b>Cash used in operations</b>	<u>92,215,709</u>	<u>455,385,579</u>
Finance cost paid	(17,097,800)	(95,809,750)
Income tax paid	47,615,490	(8,719,521)
<b>Net cash used in operating activities</b>	<u>122,733,399</u>	<u>350,856,308</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Long term deposit refunded	100,000	-
Purchase of property and equipments	(54,649,822)	-
Interest income received on cash margin placed with NCCPL	1,099,688	790,563
<b>Net cash generated from / (used in) investing activities</b>	<u>(53,450,134)</u>	<u>790,563</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Murabaha finance obtained	-	323,747,478
Murabaha finance repaid	-	(394,555,133)
<b>Net cash used in financing activities</b>	-	(70,807,655)
<b>Net increase / (decrease) in cash and cash equivalent during the year</b>	<u>69,283,265</u>	<u>280,839,216</u>
Cash and cash equivalent at the beginning of the year	(303,002,267)	(583,841,483)
Cash and cash equivalent at the end of the year	23 <u>(233,719,002)</u>	<u>(303,002,267)</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR



# Sherman Securities (Private) Limited

## Notes to the Financial Position

For the year ended June 30, 2021

### 1 STATUS AND NATURE OF BUSINESS

Sherman Securities (Private) Limited ('the Company') is a private company incorporated in Pakistan on July 15, 2002 under the Companies Ordinance, 1984. The Company is a holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited. The principal activities of the Company are investments, share brokerage, Initial Public Offer (IPO) underwriting, investment and portfolio management. The Company's registered office is situated at Room No. 124, Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi, Karachi.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provision 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 latter have been followed.

#### 2.2 Accounting convention

These financial statements have been prepared under, the historical cost convention, except for investments classified as 'at fair value through profit or loss (FVTPL)' which are carried at fair value.

#### 2.3 Functional and presentation currency

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

#### 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policy are as follows:

- Useful lives, residual values and depreciation method of property and equipment
- Useful lives, amortisation methods and residual values of intangible assets;
- Provision for taxation

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## 2.5 New standards, amendments to approved accounting and reporting standards and new interpretations

### 2.5.1 *Amendments to approved accounting standards and interpretations which became effective during the year.*

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates were not considered to be relevant to these financial statements, the same have not been reported.

### 2.5.2 *New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective*

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after January 01, 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an ‘economically equivalent’ basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met. The application of the amendment is not likely to have an impact on the Company's financial statements.

COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b. any reduction in lease payments affects only payments originally due on or before June 30, 2020 ; and
- c. there is no substantive change to the other terms and conditions of the lease.

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Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after January 01, 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

Amendments to IFRS 3 'Business Combinations' - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018. The amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The management of the Company is currently in the process of assessing the impacts of these amendments to these financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- a. requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- b. clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- c. clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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The management of the Company is currently in the process of assessing the impacts of above amendments to these financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The amendments are not likely to affect the financial statements of the Company.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted. The amendments are not likely to affect the financial statements of the Company.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are not likely to affect the financial statements of the Company.

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### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost include expenditures that are directly attributable to the acquisition of the asset.

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

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in note 4. Depreciation is charged when the asset is available for use till the asset is disposed off. Further, when the written down value of the item of assets falls below Rs.10,000, the same is charged directly to the statement of profit or loss.

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

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at June 30, 2021 did not require any adjustment.

#### 3.2 Intangible assets

An intangible asset is recognised as an asset if it is probable that the economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

##### *Trading Rights Entitlement (TRE) Certificate*

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

##### *Computer software*

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the reducing balance method over assets estimated useful life at the rates stated in note 5, after taking into accounts residual value, if any. The residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortization is charged from the date the assets are put to use while no amortization is charged after the date when the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the statement of profit or loss account.

#### 3.3 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized on the settlement date as this is the point in time that the payment of the consideration by the customer becomes due.

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### 3.4 Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at amortized cost. For the purpose of cash flow statement cash and cash equivalents comprise cash and bank balances and short term running finance.

### 3.5 Financial assets

#### 3.5.1 *Initial recognition, classification and measurement*

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

- (a) financial assets measured at amortized costs:
- (b) fair value through other comprehensive income (FVOCI); and
- (c) fair value through profit or loss (FVTPL).

##### *(a) Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

##### *(b) Financial assets at FVOCI*

A financial asset is classified as at fair value through other comprehensive income when either:

- (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or
- (ii) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company to at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

##### *(c) Financial assets at FVTPL*

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

#### 3.5.2 *Subsequent measurement*

##### *(a) Financial assets measured at amortized cost*

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

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(b) *Financial assets at FVOCI*

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) *Financial assets at FVTPL*

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss.

### 3.5.3 *Impairment*

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

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

### 3.5.4 *De-recognition*

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.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

### 3.6 *Taxation*

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### *Current tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### *Deferred tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

#### *Judgement and estimates*

Significant judgement is required in determining the income tax expenses and corresponding provision for tax. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

#### *Offsetting*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **3.7 Provisions and contingent liabilities**

#### *Provisions*

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

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Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

#### *Contingent liabilities*

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

### **3.8 Financial liabilities**

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

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

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

### **3.9 Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **3.10 Revenue recognition**

#### *Revenue from trading activities - brokerage*

Commission revenue from trading of securities is recognized when the performance obligation is satisfied, being when transaction is settled by the clearing house and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Broker's bills are also generated at that point in time.

A receivable is recognized when the transaction is settled by the clearing house as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not expect to have contracts where the period between the services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

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### Dividend income

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income. Dividends are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

## 4 PROPERTY AND EQUIPMENT

	Office Premises	Furniture & Fixtures	Office Equipment	Computer	Vehicles	Total
	Rupees					
<b>As at June 30, 2019</b>						
Cost	15,266,953	2,554,547	2,252,161	11,161,214	23,123,199	54,358,074
Accumulated depreciation	(8,012,620)	(1,409,347)	(1,577,468)	(8,855,646)	(13,099,500)	(32,954,581)
Net book value	<u>7,254,333</u>	<u>1,145,200</u>	<u>674,693</u>	<u>2,305,568</u>	<u>10,023,699</u>	<u>21,403,493</u>
<i>Movement during the year ended June 30, 2020</i>						
Opening net book value	7,254,333	1,145,200	674,693	2,305,568	10,023,699	21,403,493
Depreciation for the year	(725,433)	(114,520)	(67,469)	(691,670)	(2,004,740)	(3,603,832)
Closing net book value	<u>6,528,900</u>	<u>1,030,680</u>	<u>607,224</u>	<u>1,613,898</u>	<u>8,018,959</u>	<u>17,799,661</u>
<b>As at June 30, 2020</b>						
Cost	15,266,953	2,554,547	2,252,161	11,161,214	23,123,199	54,358,074
Accumulated depreciation	(8,738,053)	(1,523,867)	(1,644,937)	(9,547,316)	(15,104,240)	(36,558,413)
Net book value	<u>6,528,900</u>	<u>1,030,680</u>	<u>607,224</u>	<u>1,613,898</u>	<u>8,018,959</u>	<u>17,799,661</u>
<i>Movement during the year ended June 30, 2021</i>						
Opening net book value	6,528,900	1,030,680	607,224	1,613,898	8,018,959	17,799,661
Addition for the year	-	-	498,013	1,467,809	52,684,000	54,649,822
Disposals during the year	-	-	-	-	-	-
Depreciation for the year	(652,890)	(103,068)	(90,359)	(705,081)	(6,410,847)	(7,962,245)
Closing net book value	<u>5,876,010</u>	<u>927,612</u>	<u>1,014,878</u>	<u>2,376,626</u>	<u>54,292,112</u>	<u>64,487,238</u>
<b>As at June 30, 2021</b>						
Cost	15,266,953	2,554,547	2,750,174	12,629,023	75,807,199	109,007,896
Accumulated depreciation	(9,390,943)	(1,626,935)	(1,735,296)	(10,252,397)	(21,515,087)	(44,520,658)
Net book value	<u>5,876,010</u>	<u>927,612</u>	<u>1,014,878</u>	<u>2,376,626</u>	<u>54,292,112</u>	<u>64,487,238</u>
Annual rates of depreciation	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>30%</u>	<u>20%</u>	

Note

2021

2020

Rupees

## 5 INTANGIBLE ASSETS

Trading Right Entitlement Certificate - PSX		2,500,000	2,500,000
Membership Card - PMEX		1,000,000	1,000,000
- Software license	5.1	433,675	542,094
		<u>3,933,675</u>	<u>4,042,094</u>

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	2021	2020
	Rupees	
<b>5.1 Software license</b>		
<i>Net carrying amount</i>		
Opening net book value	542,094	677,618
Amortization charge	(108,419)	(135,524)
Closing net book value	<u>433,675</u>	<u>542,094</u>
<i>Annual amortization rate</i>	<u>20%</u>	<u>20%</u>
<b>6 LONG TERM DEPOSITS</b>		
<i>Deposit placed with:</i>		
<i>Pakistan Mercantile Exchange Limited</i>		
-Basic deposit	2,500,000	2,500,000
<i>Central Depository Company of Pakistan Limited</i>		
-Basic deposit	100,000	100,000
<i>National Clearing Company of Pakistan Limited</i>		
-Basic deposit	500,000	500,000
-Ready market	-	100,000
-Future market	1,000,000	1,000,000
	<u>1,500,000</u>	<u>1,600,000</u>
	<u>4,100,000</u>	<u>4,200,000</u>
<b>7 TRADE DEBT</b>		
Considered good and secured	14,228,133	6,315,055
Considered doubtful- unsecured	5,503,788	6,540,614
	<u>19,731,921</u>	<u>12,855,669</u>
Less: Provision for expected credit losses	(5,503,788)	(6,540,614)
	<u>14,228,133</u>	<u>6,315,055</u>
<b>7.1 Movement in provision for doubtful debts</b>		
Balance at the beginning of the year	6,540,614	6,540,614
Charged during the year	-	-
Reversed during the year	(1,036,826)	-
Balance at the end of the year	<u>5,503,788</u>	<u>6,540,614</u>
<b>8 SHORT TERM INVESTMENTS</b>		
<i>Quoted equity securities carried at fair value through profit or loss</i>	<u>1,455,414,643</u>	<u>1,099,497,941</u>
Fair value of listed securities at June 30 <sup>th</sup>	1,459,161,548	1,102,673,846
Less: provision for impairment	(3,746,905)	(3,175,905)
	<u>1,455,414,643</u>	<u>1,099,497,941</u>

**8.1** This represents impairment loss on listed securities with prolonged decline and absence of active market resulting from classification in defaulter segment. Impairment loss is the difference between cost and estimated future cash flows expected to be generated from these financial asset.

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		2021	2020
	<i>Notes</i>	Rupees	
<b>8.2</b>	<b>Movement in provision for impairment</b>		
	Balance at the beginning of the year	3,175,905	3,175,905
	Add: Charge for the year	571,000	-
	Balance at the end of the year	<u>3,746,905</u>	<u>3,175,905</u>
<b>8.3</b>	<b>Details of securities pledged</b>		
	<i>Pledged with banks</i>		
	Brokerage House	739,448,358	609,775,273
	Clients	45,737,340	168,539,524
		<u>785,185,698</u>	<u>778,314,797</u>
	<i>Pledged with PSX/ NCCPL</i>		
	Brokerage House	190,720,285	158,947,220
	Clients	25,130,950	3,212,800
		<u>215,851,235</u>	<u>162,160,020</u>
<b>9</b>	<b>LOANS, PREPAYMENT AND OTHER RECEIVABLES</b>		
	<i>Advances</i>		
	-Staff loan (unsecured)	6,705,000	7,305,450
	<i>Prepayment</i>		
	-Prepaid insurance	66,450	117,453
	<i>Other receivables</i>		
	-Dividend	47,130	178,089
	-Receivable from NCCPL	17,154,909	3,242,853
	-Other Receivables	4,104,664	1,130,229
		<u>28,078,153</u>	<u>11,974,074</u>
<b>10</b>	<b>INCOME TAX REFUNDABLE</b>		
	Opening balance	79,838,056	79,478,697
	Advance tax paid during the year	3,668,206	8,719,521
	Advance tax refund during the year	(51,283,696)	-
		<u>32,222,566</u>	<u>88,198,218</u>
	Provision for taxation - current	(10,942,759)	(8,573,345)
	Provision for taxation - prior	(503,176)	213,183
		<u>(11,445,935)</u>	<u>(8,360,162)</u>
	Closing balance	<u>20,776,631</u>	<u>79,838,056</u>
<b>11</b>	<b>CASH AND BANK BALANCES</b>		
	Cash in hand	211,763	276,356
	Cash at bank:		
	- current account	90,441,281	83,055,485
		<u>90,653,044</u>	<u>83,331,841</u>

11.1 This includes cash at bank pertaining to client accounts amounting to Rs. 89.253 million (2020: 82.645 million).

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12 AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2021		2020		2021		2020	
-----Number of shares-----				----- Rupees-----			
<u>1,500,000</u>	<u>1,500,000</u>	<b>Authorized Capital:</b>		<u>150,000,000</u>	<u>150,000,000</u>		
		Ordinary shares of Rs. 100/- each					
<u>1,200,000</u>	<u>1,200,000</u>	<b>Issued, subscribed and paid-up :</b>		<u>120,000,000</u>	<u>120,000,000</u>		
		Ordinary shares of Rs. 100/- each issued as fully paid in cash					

12.1 There are no agreements with shareholders with respect to voting rights, board selection, rights of first refusal and block voting.

12.2 Shareholders holding more than 5% of the shares are as follows:

Categories of shareholders	2021		2020	
	Number of shares held	% of Shares held	Number of shares held	% of Shares held
<i>Individuals</i>				
Muhammad Samin	1,087,200	90.60%	487,440	40.62%
Muhammad Taufiq	-	0.00%	450,000	37.50%
Farzana Taufiq	-	0.00%	149,760	12.48%
Yaseen	240	0.02%	240	0.02%
Abdul Ghaffar	240	0.02%	240	0.02%
Muhammad Sumair	28,080	2.34%	28,080	2.34%
Muhammad Sadiq	28,080	2.34%	28,080	2.34%
Muhammad Saad	28,080	2.34%	28,080	2.34%
Abdullah	28,080	2.34%	28,080	2.34%
	<u>1,200,000</u>	<u>100.00%</u>	<u>1,200,000</u>	<u>100.00%</u>

13 SHORT TERM BORROWINGS - SECURED	Notes	2021	2020
		----- Rupees -----	
JS Bank Limited	13.1	40,097,020	275,780,266
Habib Metropolitan Bank Limited	13.2	284,275,026	70,626,162
Sindh Bank Limited		-	39,927,680
		<u>324,372,046</u>	<u>386,334,108</u>

13.1 This represents the amount availed against a running finance facility obtained by the Company from M/s. JS Bank Limited in order to meet its working capital requirements. As of the reporting date, the limit of the facility was Rs. 300 million (2020: Rs. 300 million). The facility is secured against 1st exclusive charge over share amounting to Rs. 500 million, pledge over shares of listed companies quoted at Pakistan Stock Exchange Limited (as per bank approved list) with minimum margin of 35% and personal guarantees of directors. The facility carries markup at the rate of 1-Month KIBOR +2 % p.a. (2020: 1-Month KIBOR +2 % p.a.).

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13.2 This represents the amount availed against a running finance facility obtained by the Company from M/s. Habib Metropolitan Bank Limited in order to meet its working capital requirements. As of the reporting date, the limit of the facility was Rs. 400 million (2020: Rs. 400 million). The facility is secured against pledge over shares of listed companies quoted at Pakistan Stock Exchange Limited (as per bank approved list) with minimum margin of 40% and personal guarantees of directors. The facility carries markup at the rate of 3-Month KIBOR +2 % p.a. (2020: 3-Month KIBOR +2 % p.a.).

	2021	2020
	Rupees	
<b>14 TRADE AND OTHER PAYABLES</b>		
Creditors	88,977,667	82,044,448
Dealer commission payable	10,562,761	-
Accrued liabilities	8,886,202	5,006,707
	<u>108,426,630</u>	<u>87,051,155</u>
<b>15 MURABAHA FINANCING</b>		
Opening Balance	-	70,807,655
Principal obtained	-	323,747,478
	<u>-</u>	<u>394,555,133</u>
Principal repayment	-	(394,555,133)
Closing Balance	<u>-</u>	<u>-</u>
<b>16 ACCRUED MARKUP</b>		
Short term borrowings	<u>6,628,042</u>	<u>9,223,860</u>
<b>17 CONTINGENCIES AND COMMITMENTS</b>		
17.1 There are no material contingencies as at 30 June 2021.		
	2021	2020
	Rupees	
17.2 Commitments		
Guarantee given by a Dubai Islamic Bank Limited on behalf of the Company in favour of National Clearing Company of Pakistan Limited against DFC exposure	<u>10,000,000</u>	<u>10,000,000</u>
<b>18 OPERATING REVENUE</b>		
Commission income	66,083,316	41,132,892
Dividend Income	16,823,608	53,042,272
IPO commission	1,537,850	-
	<u>84,444,774</u>	<u>94,175,164</u>



19	ADMINISTRATIVE EXPENSES	Notes	2021	2020
			Rupees	
	Salaries, benefits and allowances		41,362,136	31,502,134
	Directors' remuneration	19.1	9,205,000	9,875,000
	PSX / NCCPL electricity and service charges		12,114,641	5,515,522
	CDC charges		1,793,710	780,406
	Fees and subscription		308,025	718,000
	Communication		598,441	583,761
	Auditors' remuneration	19.2	965,400	600,000
	Vehicle running expenses		568,121	149,896
	Travelling and conveyance		475,000	-
	Entertainment		621,742	725,851
	Repair and maintenance		1,631,696	405,898
	Depreciation	4	7,962,245	3,603,832
	General expenses		5,936,668	310,533
	Amortization of computer software	5.1	108,419	135,524
	Insurance		360,775	253,258
	Donation	19.4	9,975,000	2,575,000
	Legal and professional		6,864,639	3,534,250
	Internet and Software charges		3,009,364	2,735,435
			<u>103,861,022</u>	<u>64,004,300</u>

19.1 Chief Executive, Director and Executives Remuneration

	Chief Executive		Directors		Executive		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees							
Managerial Remuneration(Rupees)	3,320,000	2,675,000	5,885,000	7,200,000	8,370,000	-	17,575,000	9,875,000
Number of persons	1	1	5	5	5	-	11	6

The Chief Executive and Director have also been provided with free use of the Company maintained cars.

19.2 Auditor's remuneration	2021	2020
	Rupees	
Statutory auditors remuneration	810,000	600,000
Certification and advisory services	155,400	-
	<u>965,400</u>	<u>600,000</u>

19.3 None of the directors of the Company or their spouses had any interest in the donee organizations.

19.4 Company has made donations to the following parties during the period;

- Bantwa Memon Jamat
- Imkaan Welfare Organization
- Transformation International Society

20	FINANCIAL CHARGES	2021	2020
		Rupees	
	Mark up on short term running finance	13,122,694	76,391,906
	Interest on murabaha finance	-	10,011,041
	Bank charges	1,379,288	289,995
		<u>14,501,982</u>	<u>86,692,942</u>



	2021	2020
	Rupees	
<b>21 OTHER INCOME</b>		
Interest income on cash margin placed with NCCPL	1,099,688	790,563
Impairment against receivables	1,036,826	-
	<u>2,136,514</u>	<u>790,563</u>
<b>22 TAXATION</b>		
Current	10,942,759	8,573,345
Prior	503,176	(213,183)
	<u>11,445,935</u>	<u>8,360,162</u>

22.1 The income tax assessments of the Company have been finalised up to and including the tax year 2020. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for re-assessment by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for the purpose of issuing an amended assessment order.

### 23 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

		2021	2020
		Rupees	
Cash and bank balances	11	90,653,044	83,331,841
Short term borrowings	13	(324,372,046)	(386,334,108)
		<u>(233,719,002)</u>	<u>(303,002,267)</u>

### 24 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel of the Company, directors and their close family members. Remuneration of the Chief Executive and Directors is disclosed in note 19.1 to the financial statements. Transactions entered into with related parties and balances held with them, other than those disclosed elsewhere in these financial statements, are as follows:

	2021	2020
	Rupees	
<b>Name of the related party, relationship with company and Nature of Transaction</b>		
<b><u>KEY MANAGEMENT PERSONNEL</u></b>		
<b>Mohammad Samin (CEO / Director)</b>		
<i>Balances at the year end</i>		
Trade Payable at year end	40,074	400
<b>Muhammad Sadiq (Director)</b>		
<i>Balances at the year end</i>		
Trade Receivable at year end	-	40,398
Trade Payable at year end	215,198	-
<b>Abdul Ghaffar Katiya (Director)</b>		
<i>Balances at the year end</i>		
Trade Receivable at year end	2,151	1,301

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## 25 FINANCIAL INSTRUMENTS

### 25.1 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

#### 25.1.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counterparties fail completely to perform as contracted / discharge on obligation / commitment that it has entered into with the Company. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

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

	2021	2020
	Rupees	
Long term deposits	4,100,000	4,200,000
Trade debts	14,228,133	6,315,055
Loan, deposit and other receivables	28,011,703	11,856,621
Bank balances	90,441,281	83,055,485
	<u>136,781,117</u>	<u>105,427,161</u>

#### Impairment losses:

As of the reporting date, the risk profile of the trade receivables as of the reporting date is as follows:

	2021		2020	
	Gross	Life time expected credit losses	Gross	Life time expected credit losses
Not past due			-	-
Past due 1 day - 30 days	10,666,611	102,496	3,476,759	-
Past due 31 days - 180 days	1,686,060	180,907	1,931,038	-
Past due 181 days - 1 year	148,774	56,283	624,271	-
Above 1 Year	7,230,476	5,164,102	6,823,601	6,540,614
	<u>19,731,921</u>	<u>5,503,788</u>	<u>12,855,669</u>	<u>6,540,614</u>

At each reporting date, Company assessed its trade debts for impairment, however, based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment other than above. None of the other financial assets are either past due or impaired.

The Company held collaterals in respect of trade debts. The Company have trade receivable for which no loss allowance is recognised because of collaterals held.



The credit quality of Company's bank balances as at the balance sheet date can be assessed with reference to external credit ratings as follows:

Bank	Rating agency	Short-term Rating	2021	2020
----- (Rupees) -----				
MCB Bank Limited	PACRA	A-1	913,965	50,001
Bank Alfalah Limited	PACRA	A-1+	152,073	49,763
Habib Bank Limited	VIS	A-1+	9,375	10,010
United Bank Limited	VIS	A-1+	76,562	76,632
Bank Al-Habib Limited	PACRA	A-1+	7,632,726	919,370
Habib Metropolitan Bank Limited	PACRA	A-1+	36,411,687	26,635,218
Dubai Islamic Bank limited	VIS	A-1+	35,788,263	15,619,416
National Bank of Pakistan	PACRA	A-1+	997,171	268,772
JS Bank Limited	PACRA	A-1+	8,385,786	39,357,630
Bank Islami Pakistan Limited	PACRA	A-1	18,673	18,673
Soneri Bank Limited	PACRA	A-1+	55,000	50,000
			<b>90,441,281</b>	<b>83,055,485</b>

### 25.1.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing 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 all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has facilities of running finance to meet any deficit, if required to meet the short term liquidity commitment.

	2021				
	Carrying amount	Contractual Cash flows	Less than six months	Six to twelve months	
				One to Five years	
----- (Rupees) -----					
Trade and other payables	106,143,476	(106,143,476)	(106,143,476)	-	-
Short term borrowing	324,372,046	(324,372,046)	(324,372,046)	-	-
Murabaha financing	-	-	-	-	-
Accrued markup	6,628,042	(6,628,042)	(6,628,042)	-	-
			<b>437,143,564</b>	<b>(437,143,564)</b>	<b>(437,143,564)</b>

	2020				
	Carrying amount	Contractual Cash flows	Less than six months	Six to twelve months	
				One to Five years	
----- (Rupees) -----					
Trade and other payables	86,215,139	(86,215,139)	(86,215,139)	-	-
Short term borrowing	386,334,108	(386,334,108)	(386,334,108)	-	-
Murabaha financing	-	-	-	-	-
Accrued markup	9,223,860	(9,223,860)	(9,223,860)	-	-
			<b>481,773,107</b>	<b>(481,773,107)</b>	<b>(481,773,107)</b>



### 25.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

#### a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates and arises mainly where receivables and payables exist due to transactions entered into foreign currencies. As of the reporting date, the Company was not exposed to currency risk.

#### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments (variable rate instruments) was as follows:

	2021	2020	2021	2020
	Effective interest rate (%)		Carrying amounts (Rs.)	
Financial liabilities				
Murabaha financing	-	3 Months KIBOR + 2%	-	-
Short term borrowing	1-3 Months KIBOR + 2%	1-3 Months KIBOR + 2%	<u>324,372,046</u>	<u>386,334,108</u>
			<u>324,372,046</u>	<u>386,334,108</u>

### Sensitivity analysis

#### Fair value sensitivity

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect fair value of financial instrument.

#### Cash flow sensitivity

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Effect on profit before tax	
	100 bp increase	100 bp decrease
<b>As at June 30, 2021</b>		
Cash flow sensitivity-Variable rate financial instruments	<u>(3,243,720)</u>	<u>3,243,720</u>
<b>As at June 30, 2020</b>		
Cash flow sensitivity-Variable rate financial instruments	<u>(3,863,341)</u>	<u>3,863,341</u>

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(c) *Price risk*

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest / markup 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 instrument traded in the market. The Company exposed to equity price risk since it has investments in quoted equity securities as at the reporting date. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

*Sensitivity analysis*

The table below summarises the Company's equity price risk as at June 30, 2021 and shows the effect of a hypothetical 5% increase or decrease in market prices as at the reporting date. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenario. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in profit / (loss) before tax
June 30, 2021	<i>Rupees</i>	1,455,414,643	10% increase 10% decrease	1,600,956,107 1,309,873,179	145,541,464 (145,541,464)
June 30, 2020	<i>Rupees</i>	1,099,497,941	10% increase 10% decrease	1,209,447,735 989,548,147	109,949,794 (109,949,794)

25.2 **Financial instruments by categories**

**Financial assets**

*At fair value through profit or loss*

	2021	2020
	Rupees	
Short term investments	1,455,414,643	1,099,497,941

*At amortized cost*

Long term deposits	4,100,000	4,200,000
Trade debts	14,228,133	6,315,055
Loan, deposit and other receivables	28,011,703	11,856,621
Cash and bank balances	90,653,044	83,331,841
	<u>1,592,407,523</u>	<u>1,205,201,458</u>

**Financial liabilities**

*At amortized cost*

Short term borrowings - secured	324,372,046	386,334,108
Trade and other payables	106,143,476	86,215,139
Murabaha financing	-	-
Accrued markup	6,628,042	9,223,860
	<u>437,143,564</u>	<u>481,773,107</u>



Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures the fair value of its assets and liabilities carried at fair value using the following hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
June 30, 2021	Rupees			
Short term investments	1,455,414,643	-	-	1,455,414,643
	1,455,414,643	-	-	1,455,414,643
June 30, 2020	Rupees			
Short term investments	1,099,497,941	-	-	1,099,497,941
	1,099,497,941	-	-	1,099,497,941

## 26 CAPITAL

### 26.1 Capital management

The Company's objectives when managing capital are to 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.

### 26.2 Capital Adequacy level

The Capital Adequacy Level of the Company as of the reporting date was as follows:

	Note	2021	2020
		Rupees	
Total assets	26.2.1	1,681,671,517	1,306,998,722
Less: Total liabilities		(439,426,718)	(482,609,123)
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-	-
Capital adequacy level		<u>1,242,244,799</u>	<u>824,389,599</u>

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

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26.3 Net Capital Balance [as per the requirements of the Securities Brokers (Licencing and Operations) Regulations, 2016]

DESCRIPTION	VALUATION	RUPEES
<b><u>Current assets</u></b>		
Cash and bank balances	As per Book Value	90,653,044
Trade receivables	Book Value less overdue for more than 14 days	9,270,705
Investment in listed securities in the name of broker.	Securities marked to market less 15% discount	1,208,234,624
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	7,949,333
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.	-
Treasury bills	At market value	-
		<b>1,316,107,706</b>
<b><u>Current liabilities</u></b>		
Trade payables	Book value less overdue for more than 30 days	80,636,355
Other liabilities	As per Book values	358,790,363
		439,426,718
<b>Net capital balance as at June 30, 2021</b>		<b>876,680,988</b>

Notes to the Net Capital Balance

**1 Cash and bank balances**

	Rupees
Cash in hand	211,763
Bank balance pertaining to clients	89,253,245
Bank balance pertaining to brokerage house	1,188,036
	<b>90,653,044</b>

**2 Trade receivables**

Book value	19,731,921
Less: Overdue for more than 14 days	(10,461,216)
	<b>9,270,705</b>

**3 Investment in Listed Securities in the name of broker**

Securities marked to market	1,421,452,499
Less 15% discount	(213,217,875)
	<b>1,208,234,624</b>

**4 Securities purchased for client**

Overdue balance for more than 14 days -gross value	10,461,216
Lower of overdue balance and securities held against such balance	7,949,333

**5 Trade payables**

Book value	88,977,667
Less: overdue for more than 30 days	(8,341,312)
	<b>80,636,355</b>

**6 Other liabilities**

Creditors overdue for more than 30 days	8,341,312
Short term borrowings	324,372,046
Accrued Liabilities and Other Payables	26,077,005
	<b>358,790,363</b>

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26.4 Disclosure of net liquid balance as required by the Securities Brokers (Licensing and Operations) Regulations, 2016

The Liquid Capital Balance as required under Third Schedule of Securities Brokers (Licensing and Operations) Regulation 2016, read with SECP guidelines is calculated as follows;

#REF!

STATEMENT OF LIQUID CAPITAL BALANCE AS ON JUNE 30, 2021

Third Schedule of Securities Brokers (Licensing and Operations) Regulation 2016, read with SECP guidelines

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>I. Assets</b>				
1.1	Property & Equipment	64,487,238	100.00%	-
1.2	Intangible Assets	3,933,675	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)	-	-	-
	<b>Investment in Debt. Securities</b>			
	<b>If listed than:</b>			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.		5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	<b>If unlisted than:</b>			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
	<b>Investment in Equity Securities</b>			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	1,455,414,643	266,758,933	1,188,655,710
	ii. If unlisted, 100% of carrying value.	-	100.00%	-
1.6	Investment in subsidiaries	-	100.00%	-
	<b>Investment in associated companies/undertaking</b>			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	4,100,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	16,426,524	-	16,426,524
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	66,450	100.00%	-
	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
1.12	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivables.	47,130	-	47,130
	Amounts receivable against Repo financing.			
1.14	Amount paid as purchaser under the REPO agreement. <i>(Securities purchased under repo arrangement shall not be included in the investments.)</i>	-	-	-
	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	6,705,000	-	6,705,000
	ii. Advance Tax to the extend it is netted with provision of taxation.	20,776,631	-	20,776,631
	iii. Other Receivables other than trade receivables	4,104,664	100.00%	-
	<b>Receivables from clearing house or securities exchange(s)</b>			
	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.		-	-
1.16	ii. Receivable on entitlements against trading of securities in all markets including MtM gains.	728,385	-	728,385



S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>I. Assets</b>				
1.17	<b>Receivables from customers</b>			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>	-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>	-	5.00%	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. 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. <i>iv. Balance sheet value</i>	7,510,245	-	7,510,245
	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. <i>v. Lower of net balance sheet value or value determined through adjustments</i>	6,715,737	3,324,154	3,324,154
	<i>vi. 100% haircut in the case of amount receivable from related parties.</i>	2,151	100.00%	-
1.18	<b>Cash and Bank balances</b>			
	i. Bank Balance-proprietary accounts	1,188,036	-	1,188,036
	ii. Bank balance-customer accounts	89,253,245	-	89,253,245
	iii. Cash in hand	211,763	-	211,763
1.19	Subscription money against investment in IPO / offer for sale (asset)	-	-	-
1.20	<b>Total Assets</b>	<b>1,681,671,517</b>		<b>1,334,826,823</b>

## 2. Liabilities

2.1	<b>Trade Payables</b>			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	88,977,667	-	88,977,667
2.2	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	26,077,005	-	26,077,005
	iii. Short-term borrowings	324,372,046	-	324,372,046
	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	<b>Non-Current Liabilities</b>	-		
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease	-	-	-
	b. Other long-term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-



S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>2. Liabilities</b>				
	<b>Subordinated Loans</b>	-	-	-
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted.	-	-	-
	ii. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.5	100% haircut may be allowed in respect of advance against shares 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 in capital.	-	-	-
2.6	<b>Total Liabilities</b>	<b>439,426,718</b>		<b>439,426,718</b>
<b>3. Ranking Liabilities Relating to :</b>				
	<b>Concentration in Margin Financing</b>			
3.1	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-		-
	<b>Concentration in securities lending and borrowing</b>			
3.2	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	-	-	-
	<b>Net underwriting Commitments</b>			
3.3	<b>(a) in the case of right issue :</b> 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 issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	<b>(b) in any other case :</b> 12.5% of the net underwriting commitments	-	-	-
3.4	<b>Negative equity of subsidiary</b> 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	<b>Foreign exchange agreements and foreign currency positions</b> 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	<b>Amount Payable under REPO</b>	-	-	-
	<b>Repo adjustment</b>			
3.7	<b>In the case of financier/purchaser</b> the total amount receivable under Repo less the 110% of the market value of underlying securities. <b>In the case of financee/seller</b> 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	<b>Concentrated proprietary positions</b> 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	-	-	-



S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>3. Ranking Liabilities Relating to :</b>				
<b>Opening Positions in futures and options</b>				
3.9	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	-	20,871,735	20,871,735
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	16,106,450	16,106,450
<b>Short sell positions</b>				
3.10	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	<b>Total Ranking Liabilities</b>	-	<b>36,978,185</b>	<b>36,978,185</b>
		<u>1,242,244,799</u>	<u>Liquid Capital</u>	<u>858,421,920</u>

**27 NUMBER OF EMPLOYEES**

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2021	2020
	Number	
Total number of employees as at June 30	<u>27</u>	<u>30</u>
Average number of employees during the year	<u>29</u>	<u>29</u>

**28 CORRESPONDING FIGURES**

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation.

**29 GENERAL**

The financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 27 SEP 2021.

29.1 Figures in these financial statements have been rounded off to the nearest rupee.

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**CHIEF EXECUTIVE**

  
 \_\_\_\_\_  
**DIRECTOR**



