

**FAIRWAYS SECURITIES (PRIVATE) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED JUNE 30, 2021**

**Independent Auditor's Report to the members of FAIRWAY SECURITIES (PVT) LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of **FAIRWAY SECURITIES (PVT) LIMITED**, 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, 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, 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.

**Emphasis of Matter**

We draw attention to note 19.1.2 to the financial statements where it has been explained that the company did not account for markup amounting Rs. 13.55 million on running finance obtained from Silk Bank Limited. Our opinion is not modified in respect of this matter.

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the Directors' Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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



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

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

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

## 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); and
- e) the company has duly complied with the requirements of Section 78 of the Securities Act, 2015, and relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the financial statements were prepared.

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

  
CHARTERED ACCOUNTANTS  
Lahore: 07 OCT 2021

FAIRWAY SECURITIES (PVT) LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2021

|  | Note | 2021<br>Rupees     | 2020<br>Rupees     |
|--|------|--------------------|--------------------|
| <b>ASSETS</b>  |      |                    |                    |
| <b>NON CURRENT ASSETS</b>  |      |                    |                    |
| Property and equipment   | 4    | 336,883            | 361,596            |
| Intangible assets  | 5    | 2,500,000          | 2,500,000          |
| Long term investment   | 6    | 18,111,704         | 17,850,071         |
| Long term deposits   | 7    | 1,070,000          | 860,000            |
|  |      | <u>22,018,587</u>  | <u>21,571,667</u>  |
| <b>CURRENT ASSETS</b>  |      |                    |                    |
| Trade debts  | 8    | 374,640            | 615,884            |
| Trade deposits, short term prepayments and current<br>account balance with statutory authorities | 9    | 4,534,113          | 4,534,354          |
| Interest accrued   |      | 6,829              | 9,103              |
| Cash and bank balances   | 10   | 230,917,563        | 211,355,949        |
|  |      | <u>235,833,145</u> | <u>216,515,290</u> |
|  |      | <u>257,851,732</u> | <u>238,086,957</u> |
| <b>EQUITY AND LIABILITIES</b>  |      |                    |                    |
| <b>SHARE CAPITAL AND RESERVES</b>  |      |                    |                    |
| Share capital  | 11   | 100,000,000        | 100,000,000        |
| Accumulated loss   |      | (58,235,518)       | (63,497,897)       |
| Capital reserve  |      |                    |                    |
| Fair value adjustment reserve  | 12   | 3,223,985          | 2,962,352          |
|  |      | <u>44,988,467</u>  | <u>39,464,455</u>  |
| <b>LONG TERM LOAN FROM CHIEF EXECUTIVE</b>   | 13   | 16,000,000         | 16,000,000         |
|  |      | <u>60,988,467</u>  | <u>55,464,455</u>  |
| <b>NON CURRENT LIABILITIES</b>   |      |                    |                    |
| Deferred taxation  | 14   | -                  | -                  |
| <b>CURRENT LIABILITIES</b>   |      |                    |                    |
| Deposits, accrued liabilities and advances   | 15   | 1,096,898          | 992,655            |
| Trade and other payables   | 16   | 24,657,052         | 7,022,370          |
| Accrued interest   |      | 20,120,972         | 20,120,973         |
| Loan from banking company  | 17   | 148,947,313        | 148,947,313        |
| Loan from related party  | 18   | 1,314,191          | 5,539,191          |
| Provision for taxation   |      | 726,839            | -                  |
|  |      | <u>196,863,265</u> | <u>182,622,502</u> |
| <b>CONTINGENCIES AND COMMITMENTS</b>   | 19   | -                  | -                  |
|  |      | <u>257,851,732</u> | <u>238,086,957</u> |

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

**FAIRWAY SECURITIES (PVT) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|   | Note | 2021<br>Rupees | 2020<br>Rupees |
|---|------|----------------|----------------|
| Brokerage and commission                      | 20   | 16,012,082     | 8,440,040      |
| Direct cost                                   | 21   | (797,129)      | (536,293)      |
|   |      | 15,214,953     | 7,903,747      |
| Operating expenses                            | 22   | (11,752,967)   | (7,429,125)    |
| Other operating expense                       | 23   | (129,780)      | (19,685)       |
| Other income                                  | 24   | 3,075,456      | 3,344,221      |
|   |      | (8,807,291)    | (4,104,589)    |
| <b>PROFIT FROM OPERATIONS</b>                 |      | 6,407,662      | 3,799,158      |
| Finance cost                                  | 25   | (1,291)        | (5,262,171)    |
| <b>PROFIT BEFORE TAXATION</b>                 |      | 6,406,371      | (1,463,013)    |
| Taxation                                      | 26   | (1,143,992)    | (267,775)      |
| <b>PROFIT/(LOSS) FOR THE YEAR</b>             |      | 5,262,379      | (1,730,788)    |
| <b>EARNINGS PER SHARE - BASIC AND DILUTED</b> | 27   | 0.53           | (0.17)         |

The annexed notes form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**FAIRWAY SECURITIES (PVT) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|  | 2021<br>Rupees   | 2020<br>Rupees     |
|--|------------------|--------------------|
| Profit for the year  | 5,262,379        | (1,730,788)        |
| Items that will not be reclassified<br>subsequently to statement of profit or loss | -                | -                  |
| Items that may be reclassified subsequently<br>to statement of profit or loss      |                  |                    |
| Loss on available for sale investment  | 261,633          | (388,229)          |
| Other comprehensive income/(loss) for the year                                     | 261,633          | (388,229)          |
| Total comprehensive income/(loss)  | <u>5,524,012</u> | <u>(2,119,017)</u> |

The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE

  
 DIRECTOR

FAIRWAY SECURITIES (PVT) LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021

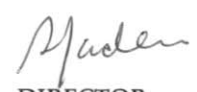
|   | Note     | 2021<br>Rupees     | 2020<br>Rupees     |
|---|----------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |          |                    |                    |
| Profit/ (loss) before taxation  |          | 6,406,371          | (1,463,013)        |
| <b>Adjustments of items not involving movements of cash:</b>                                  |          |                    |                    |
| Depreciation  | 4        | 59,213             | 70,895             |
| Dividend income   | 24       | (590,783)          | (675,180)          |
| Bad debts   |          | -                  | 19,685             |
| Interest income   |          | (2,060,604)        | (2,160,934)        |
| Finance cost  | 25       | -                  | 5,261,453          |
|   |          | <u>(2,592,174)</u> | <u>2,515,919</u>   |
| <b>Operating Cash Flows Before Working Capital Changes</b>                                    |          | <b>3,814,197</b>   | <b>1,052,906</b>   |
| <b>(Increase) / Decrease in Working Capital</b>   |          |                    |                    |
| <b>(Increase) / decrease in current assets</b>  |          |                    |                    |
| Account receivables   |          | 241,244            | (317,445)          |
| Trade deposits, short term prepayments and current account balance with statutory authorities |          | 241                | (170,421)          |
| <b>Increase / (decrease) in current liabilities</b>   |          |                    |                    |
| Deposits, accrued liabilities and advances  |          | 104,243            | 320,645            |
| Trade and other payables  |          | 17,634,682         | (3,843,127)        |
|   |          | <u>17,980,410</u>  | <u>(4,010,348)</u> |
| <b>Cash Flows From Operations</b>   |          | <b>21,794,607</b>  | <b>(2,957,442)</b> |
| Taxes paid  |          | (417,153)          | (360,491)          |
|   |          | <u>(417,153)</u>   | <u>(360,491)</u>   |
| <b>Net cash Flows From Operating Activities</b>   |          | <b>21,377,454</b>  | <b>(3,317,933)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |          |                    |                    |
| Fixed capital expenditure   |          | (34,500)           | (15,565)           |
| Long term security deposit  |          | (210,000)          | -                  |
| Interest income received  |          | 2,062,878          | 2,178,578          |
| Dividend income received  |          | 590,783            | 675,180            |
| <b>Net cash Flows From Investing Activities</b>   |          | <b>2,409,161</b>   | <b>2,838,193</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |          |                    |                    |
| Loan from related parties   |          | (4,225,000)        | (2,487,361)        |
| <b>Net Cash Flows From Financing Activities</b>   |          | <b>(4,225,000)</b> | <b>(2,487,361)</b> |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                 |          | <b>19,561,614</b>  | <b>(2,967,101)</b> |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>                                 |          | <b>62,408,636</b>  | <b>65,357,737</b>  |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>                                       | <b>A</b> | <b>81,970,250</b>  | <b>62,408,636</b>  |
| <b>A Cash and Cash Equivalents</b>  |          |                    |                    |
| Cash and bank balances  | 10       | 230,917,563        | 211,355,949        |
| Loan from banking company   | 17       | (148,947,313)      | (148,947,313)      |
|   |          | <u>81,970,250</u>  | <u>62,408,636</u>  |

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE



DIRECTOR



FAIRWAY SECURITIES (PVT) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2021

| Paid up capital | Acumulated loss | Fair value adjustment reserve | Subtotal | Long term loan | Total |
|-----------------|-----------------|-------------------------------|----------|----------------|-------|
|-----------------|-----------------|-------------------------------|----------|----------------|-------|

----- (R u p e e s) -----

Balance as at June 30, 2019                      100,000,000      (61,767,109)      3,350,581      41,583,472      11,437,361      53,020,833

|                          |   |             |           |             |   |             |
|--------------------------|---|-------------|-----------|-------------|---|-------------|
| Loss after taxation      | - | (1,730,788) | -         | (1,730,788) | - | (1,730,788) |
| Other comprehensive loss | - | -           | (388,229) | (388,229)   | - | (388,229)   |

Total comprehensive loss for the year                      -      (1,730,788)      (388,229)      (2,119,017)      -      (2,119,017)

Loan received during the year                      -      -      -      -      4,562,639      4,562,639

Balance as at June 30, 2020                      100,000,000      (63,497,897)      2,962,352      39,464,455      16,000,000      55,464,455

|                            |   |           |         |           |   |           |
|----------------------------|---|-----------|---------|-----------|---|-----------|
| Profit after taxation      | - | 5,262,379 | -       | 5,262,379 | - | 5,262,379 |
| Other comprehensive income | - | -         | 261,633 | 261,633   | - | 261,633   |

Total comprehensive income for the year                      -      5,262,379      261,633      5,524,012      -      5,524,012

Balance as at June 30, 2021                      100,000,000      (58,235,518)      3,223,985      44,988,467      16,000,000      60,988,467

The annexed notes form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR



**FAIRWAY SECURITIES (PVT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**1 COMPANY AND ITS OPERATION**

- 1.1 The company was incorporated as Private Limited Company on May 3, 2006 under the repealed Companies Ordinance, 1984. The company is engaged in the business of share brokerage and investment in securities. The registered office of the Company is situated at 26-K, Ground Floor Commercial, phase-1, DHA, Lahore.

The company is holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange.

**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 of:

- International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs) 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 for SMEs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

**2.3 FUNCTIONAL AND PRESENTATION CURRENCY**

The financial statements are presented in Pakistani Rupee, which is the company's functional and presentation currency.

**2.4 JUDGEMENTS, 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. Revision 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 revision and future periods if the revision affects both current and future periods.

Judgments and estimates made by management that may have a significant risk of material adjustments to the financial statements in subsequent years are as follows:

- Useful lives, residual values and depreciation method of property and equipment
- Useful lives, residual values and amortization method of intangible assets
- Valuation of investment in ordinary shares of LSE Financial Services Limited
- Provision for doubtful account receivables
- Estimation of provisions
- Estimation of contingent liabilities
- Current income tax expense, provision for current tax and recognition of deferred tax asset



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

Depreciation is charged on reducing balance method at the rates mentioned in the relevant notes to the financial statements. Depreciation on additions is charged for the month in which an asset is acquired while no depreciation is charged for the month in which an asset is disposed off. Normal repair and maintenance is charged to revenue as and when incurred, while major renewals and replacements are capitalized. The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

Gain or loss on disposal of property and equipment, if any is taken to profit or loss.

#### 3.2 INTANGIBLE ASSETS

Intangible assets with finite useful life are stated at cost less amortization and 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 carrying value exceeds estimated recoverable amount, it is written down to estimated recoverable amount. The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

##### 3.2.1 Membership card and offices

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.

##### 3.2.2 Computer Software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Costs which enhance or extend the performance of computer software beyond its original specification and useful life is recognized as capital improvement and added to the original cost of the software.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through straight line method.

Amortization is charged when asset is available for use until asset is disposed off.

#### 3.3 FINANCIAL ASSETS

Financial assets are classified in the following categories: Held-to-maturity, at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### 3.3.1 Held to Maturity

The investments with fixed maturity, if any, that the company has to positive intent and ability to hold to maturity. Held to maturity investments are initially measured at fair value plus transaction costs and are subsequently stated at amortized cost using the effective interest rate method less impairment, if any. These are classified as current and non-current assets in accordance with nature of investment.

##### 3.3.2 At fair value through profit or loss

Investments classified as held for trading are included in the category of financial assets at fair value through profit and loss. These are listed securities that are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin.

All investments are initially recognized at cost, being the fair value of the consideration given excluding acquisition charges with the investment. After initial recognition, investments are measured at their fair values. Unrealized gains and losses on investments are recognized in profit or loss of the period.

Fair values of these securities representing listed equity and debt securities are determined by reference to stock exchange quoted market prices at the close of the business on reporting date.

### 3.3.3 Available-for-sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial recognition at cost, these are premeasured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in unquoted companies is determined by applying the appropriate valuation techniques. Gains or losses on available-for-sale investments are recognized directly in other comprehensive income until the investments are sold or disposed-off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously recognized in other comprehensive income, is re-classified from equity to profit and loss as re-classification adjustment.

### 3.3.4 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivable and cash and bank balances in the statement of financial position.

## 3.4 FINANCIAL LIABILITIES

Financial liabilities are initially measured at cost, which is the fair value, of the consideration given and subsequently carried at amortized cost using effective interest rate method.

## 3.5 OFF-SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable 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.

## 3.6 TRADE DEBTS AND OTHER RECEIVABLES

Trade and other receivables are recognised and carried at transaction price less an allowance for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

## 3.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash balances and call deposits. For the purpose of statement of cash flows; cash and cash equivalents comprise cash in hand, bank balances and running finances.

## 3.8 BORROWINGS

Loans are measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

In case the loan is interest-free or carries interest below the prevalent market rate, it is initially recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The difference between the discounted present value and actual receipt is recognised as finance income. Subsequently, the interest-free loan is measured at amortized cost, using the effective Interest rate method, this involves unwinding of discount, such that at the repayment date, the carrying value of obligation equals the amount to be repaid. The unwinding of discount is included in finance costs in the statement of profit or loss.

## 3.9 TAXATION

### Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits imposed by the taxation laws.

## Deferred

Deferred tax is recognized using the liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

### 3.10 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at cost, which is the fair value of the consideration to be paid, in the future for goods and services received and subsequently measured at amortized cost.

### 3.11 PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the statement of profit or loss.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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.

### 3.12 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.

### 3.13 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions denominated in foreign currencies are translated to Pakistan Rupees at the exchanges rate ruling at the date of transaction.

Monetary assets and liabilities in foreign currencies at reporting date are translated into Pakistan Rupees at exchange rates ruling on that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

### 3.14 IMPAIRMENT OF NON-FINANCIAL ASSETS

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 3.15 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses and sales tax. Revenue is recognized on the following basis:

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided, and thereby the performance obligations are satisfied.
- Profit on saving accounts, profit on exposure deposits and markup on marginal financing is recognized at effective yield on time proportion basis.
- Gains/(losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.
- Other revenues are recorded, as and when due, on accrual basis.

### 3.16 BASIC AND DILUTED EARNINGS PER SHARE

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

### 3.17 RELATED PARTY TRANSACTIONS

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method except reason disclosed in relevant note to the financial statements, if any. Transactions with related parties have been disclosed in the relevant notes to the financial statements.

### 3.18 TRADE DATE ACCOUNTING

All "regular way" purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.

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4 PROPERTY AND EQUIPMENT

| Particulars            | Cost                |           |          |          | Depreciation        |        |                     |          | W.D.V |          |                     |                     |
|------------------------|---------------------|-----------|----------|----------|---------------------|--------|---------------------|----------|-------|----------|---------------------|---------------------|
|                        | As at June 30, 2020 | Additions | Transfer | Disposal | As at June 30, 2021 | Rate % | As at June 30, 2020 | Transfer |       | Disposal | Charge for the year | As at June 30, 2021 |
| OWNED                  |                     |           |          |          |                     |        |                     |          |       |          |                     |                     |
| Furniture and fittings | 642,095             | -         | -        | -        | 642,095             | 10     | 474,106             | -        | -     | 16,799   | 490,905             | 151,190             |
| Computers              | 628,672             | -         | -        | -        | 628,672             | 30     | 607,244             | -        | -     | 6,428    | 613,672             | 15,000              |
| Office equipments      | 2,248,377           | 34,500    | -        | -        | 2,282,877           | 20     | 2,095,174           | -        | -     | 32,191   | 2,127,365           | 155,512             |
| Vehicles               | 113,130             | -         | -        | -        | 113,130             | 20     | 94,154              | -        | -     | 3,795    | 97,949              | 15,181              |
|                        | 3,632,274           | 34,500    | -        | -        | 3,666,774           |        | 3,270,678           | -        | -     | 59,213   | 3,329,891           | 336,883             |

4.1 PROPERTY AND EQUIPMENT

| Particulars            | Cost                |          |          |          | Depreciation        |        |                     |          | W.D.V |          |                     |                     |
|------------------------|---------------------|----------|----------|----------|---------------------|--------|---------------------|----------|-------|----------|---------------------|---------------------|
|                        | As at June 30, 2019 | Addition | Transfer | Disposal | As at June 30, 2020 | Rate % | As at June 30, 2019 | Transfer |       | Disposal | Charge for the year | As at June 30, 2020 |
| OWNED                  |                     |          |          |          |                     |        |                     |          |       |          |                     |                     |
| Furniture and fittings | 642,095             | -        | -        | -        | 642,095             | 10     | 455,440             | -        | -     | 18,666   | 474,106             | 167,989             |
| Computers              | 628,672             | -        | -        | -        | 628,672             | 30     | 598,060             | -        | -     | 9,184    | 607,244             | 21,428              |
| Office equipments      | 2,232,812           | 15,565   | -        | -        | 2,248,377           | 20     | 2,056,873           | -        | -     | 38,301   | 2,095,174           | 153,203             |
| Vehicles               | 113,130             | -        | -        | -        | 113,130             | 20     | 89,410              | -        | -     | 4,744    | 94,154              | 18,976              |
|                        | 3,616,709           | 15,565   | -        | -        | 3,632,274           |        | 3,199,783           | -        | -     | 70,895   | 3,270,678           | 361,596             |

4.2 ALLOCATION OF DEPRECIATION

|                    | Note | 2021 Rupees | 2020 Rupees |
|--------------------|------|-------------|-------------|
| Operating expenses | 22   | 59,213      | 70,895      |
|                    |      | 59,213      | 70,895      |

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|                                       | Note | 2021<br>Rupees   | 2020<br>Rupees   |
|---------------------------------------|------|------------------|------------------|
| <b>5 INTANGIBLE ASSETS</b>            |      |                  |                  |
| Trading right entitlement certificate | 5.1  | <u>2,500,000</u> | <u>2,500,000</u> |
|                                       |      | <u>2,500,000</u> | <u>2,500,000</u> |

- 5.1 This represents Trading Right Entitlement Certificate (TREC) received from the Pakistan Stock Exchange Limited without any additional payment, in lieu of TREC issued by the Lahore Stock Exchange Limited, surrendered on, January 10, 2016 on the consequence of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Trading Right entitlement certificate is pledged/mortgaged with the Pakistan Stock Exchange Limited as a collateral for running the brokerage business. It is carried at cost less impairment.

|   | Note | 2021<br>Rupees    | 2020<br>Rupees    |
|---|------|-------------------|-------------------|
| <b>6 LONG TERM INVESTMENT</b>                               |      |                   |                   |
| <b>Unquoted - Shares of LSE Financial Services Limited:</b> |      |                   |                   |
| Available for sale  |      |                   |                   |
| Cost as at July 01,   |      | 14,887,719        | 14,887,719        |
| Fair value adjustment                                       |      | <u>3,223,985</u>  | <u>2,962,352</u>  |
|   | 6.1  | <u>18,111,704</u> | <u>17,850,071</u> |

- 6.1 Pursuant to the promulgation of the Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (The Act), The Lahore Sock Exchange Limited, now LSE Financial Services Limited had allotted 843,975 shares of the face value of Rs. 10 each to the TREC holder. All shares are held in freeze status in the respective CDC sub-account of the TREC holder. The divestment of the same will be made in accordance with the requirements of the Act within one year from the date of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Company has pledged 843,975 shares of LSE Financial Services Limited with the Pakistan Stock Exchange to fulfill the Base Minimum Capital requirement.

The Company, as per its policy, carried out the valuation of the aforementioned investments. In this connection, the valuation technique used by the Company was Discounted Cash Flow of Earnings method. Assumptions and inputs used in the valuation are post-tax earnings, historic growth rate of earning, rate of return on equity, risk premium. Principal assumptions used in the valuation of above unquoted investments are based on current market/industry conditions in respect of discount rate and growth rate. Business net cash flow forecast over an indefinite (infinity) has been assumed after projection period of 5 years.

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|  | Note  | 2021<br>Rupees   | 2020<br>Rupees   |
|--|-------|------------------|------------------|
| <b>7 LONG TERM DEPOSITS</b>  |       |                  |                  |
| <b>Deposits with:</b>  |       |                  |                  |
| LSE Financial Services Limited   |       | 360,000          | 360,000          |
| National Clearing Company of Pakistan Ltd.   |       | 400,000          | 400,000          |
| Central Depository Company of Pakistan Ltd.  |       | 100,000          | 100,000          |
| Security deposit against office building   |       | 210,000          | -                |
|  |       | <u>1,070,000</u> | <u>860,000</u>   |
| <b>8 TRADE DEBTS</b>   |       |                  |                  |
| <b>Receivable from clients on account of:</b>  |       |                  |                  |
| Purchase of shares on behalf of clients  |       | 334,130          | 574,603          |
| Less: Provision for doubtful debts   | 9.1   | (42,256)         | (41,486)         |
|  | 9.1.1 | <u>291,874</u>   | <u>533,117</u>   |
| Against: Brokerage commission  |       | 82,766           | 82,767           |
|  |       | <u>374,640</u>   | <u>615,884</u>   |
| <b>9.1 Movement is as follows</b>  |       |                  |                  |
| Opening Balance  |       | 41,486           | 50,544           |
| Less: Balances written off   |       | (883)            | -                |
| Provision made during the year   |       | 1,653            | (9,058)          |
|  |       | <u>42,256</u>    | <u>41,486</u>    |
| <b>9.1.1 Aging Analysis</b>  |       |                  |                  |
| Upto five days   |       | 2,858            | 263,375          |
| More than five days  |       | 289,016          | 269,742          |
|  |       | <u>291,874</u>   | <u>533,117</u>   |
| <b>9 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES</b>   |       |                  |                  |
| <b>Deposits with:</b>  |       |                  |                  |
| National Clearing Company of Pakistan Ltd.   | 9.1   | 2,300,000        | 2,300,000        |
| Prepayments  |       | 126,733          | 126,974          |
| Tax deducted at source   |       | 2,107,380        | 2,107,380        |
|  |       | <u>4,534,113</u> | <u>4,534,354</u> |
| <b>9.1</b>   |       |                  |                  |
| This represents deposit with National Clearing Company of Pakistan Limited against exposure margin in respect of trade in future and ready market. These deposits carry profit at rates ranging from 3% to 5% (2020: 6% to 12%) per annum. |       |                  |                  |



|                                  | Note | 2021<br>Rupees     | 2020<br>Rupees     |
|----------------------------------|------|--------------------|--------------------|
| <b>10 CASH AND BANK BALANCES</b> |      |                    |                    |
| These were held as under:        |      |                    |                    |
| Cash in hand                     |      | 820,547            | 108,793            |
| Cash at banks                    |      |                    |                    |
| Current Accounts                 |      |                    |                    |
| Pertaining to brokerage house    |      | 203,195,094        | 203,167,784        |
| Pertaining to clients            |      | -                  | -                  |
|                                  |      | 203,195,094        | 203,167,784        |
| Deposit Accounts                 |      |                    |                    |
| Pertaining to brokerage house    | 10.1 | 1,884              | 1,786              |
| Pertaining to clients            | 10.1 | 26,900,038         | 8,077,586          |
|                                  |      | 26,901,922         | 8,079,372          |
|                                  |      | 230,097,016        | 211,247,156        |
|                                  |      | <u>230,917,563</u> | <u>211,355,949</u> |

10.1 These carry markup rates ranging from 3.25% to 5.88% (2020: 6.50% to 11.75%) per annum.

|   | Note | 2021<br>Rupees     | 2020<br>Rupees     |
|---|------|--------------------|--------------------|
| <b>11 SHARE CAPITAL</b>   |      |                    |                    |
| <b>Authorized</b>   |      |                    |                    |
| 10,000,000 (2020: 10,000,000) ordinary shares of Rs. 10 each                    |      | <u>100,000,000</u> | <u>100,000,000</u> |
| <b>Issued, subscribed and paid up</b>   |      |                    |                    |
| 10,000,000 (2020: 10,000,000) ordinary shares of Rs. 10 each fully paid in cash |      | <u>100,000,000</u> | <u>100,000,000</u> |

**11.1 Pattern of Shareholding:  
Categories of shareholders**

| Individual               | % age of Shares Held |             | Number of Shares Held |                   |
|--------------------------|----------------------|-------------|-----------------------|-------------------|
|                          | 2021                 | 2020        | 2021                  | 2020              |
| <b>Chief Executive</b>   |                      |             |                       |                   |
| Mr. Nadeem Javed         | 50%                  | 50%         | 4,999,999             | 4,999,999         |
| <b>Director</b>          |                      |             |                       |                   |
| Mrs. Shamsa Nadeem       | 0.00001%             | 0.00001%    | 1                     | 1                 |
| <b>Shareholder</b>       |                      |             |                       |                   |
| Mr. Wasim Ahmed          | 30%                  | 30%         | 3,000,000             | 3,000,000         |
| <b>Shareholder</b>       |                      |             |                       |                   |
| Mr. Ahmad Bilal Chaudhry | 20%                  | 20%         | 2,000,000             | 2,000,000         |
|                          | <u>100%</u>          | <u>100%</u> | <u>10,000,000</u>     | <u>10,000,000</u> |

**12 FAIR VALUE ADJUSTMENT RESERVE**

This represents accumulated gain on available for sale investment and it will be reclassified to statement of profit or loss upon disposal of related investment.

|   | Note | 2021<br>Rupees    | 2020<br>Rupees    |
|---|------|-------------------|-------------------|
| <b>13 LONG TERM LOAN FROM CHIEF EXECUTIVE</b> |      |                   |                   |
| From related parties:                         |      |                   |                   |
| Chief Executive-Mr. Nadeem Javed              | 13.1 | <u>16,000,000</u> | <u>16,000,000</u> |
| <b>13.1 Loan from director:</b>               |      |                   |                   |
| Balance as at July 01,                        |      | 16,000,000        | 11,437,361        |
| Add: Loan received during the year            |      | <u>-</u>          | <u>4,562,639</u>  |
|   |      | 16,000,000        | 16,000,000        |
| Less: Adjustment/repayment during the year    |      | <u>-</u>          | <u>-</u>          |
|   | 13.2 | <u>16,000,000</u> | <u>16,000,000</u> |

**13.2** This represents interest free and un-secured loan obtained from the director of the company. The loan is subordinated to all other debts of the company. The loan is repayable after two years which would be subject to enough cash flows of the company. However, repayment of the loan may be deferred as mutually agreed. The company has obtained loan in order to maintain the company's operations cost effective.

|   | 2021<br>Rupees      | 2020<br>Rupees      |
|---|---------------------|---------------------|
| <b>14 DEFERRED TAXATION</b>               |                     |                     |
| Deferred credits/(debits) arising due to: |                     |                     |
| Accelerated tax depreciation              | (21,466)            | (27,482)            |
| Provision for doubtful debts              | (12,254)            | (11,356)            |
| Brought forward losses                    | (15,070,983)        | (16,718,177)        |
| Alternative corporate taxes paid          | (1,055,375)         | -                   |
| Minimum taxes paid                        | <u>(524,884)</u>    | <u>(557,298)</u>    |
|   | <u>(16,684,962)</u> | <u>(17,314,313)</u> |
| Balance as at July 01,                    | -                   | -                   |
| Add: charge for the year                  | <u>-</u>            | <u>-</u>            |
|   | <u>-</u>            | <u>-</u>            |

**14.1** At the year end, net deductible temporary differences, taxable losses and tax credits resulted in a net deferred tax asset of Rs. 16.68 million (2020: Rs. 17.31 million). However, deferred tax asset has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2022.

14.2 Minimum taxes would expire as follows:

| Accounting year to which minimum tax relates | Amount of minimum taxes (Rupees) | Accounting year in which minimum tax will expire |
|--|----------------------------------|--|
| 2016   | 255,610                          | 2021   |
| 2018   | 22,219                           | 2023   |
| 2019   | 112,969                          | 2024   |
| 2020   | 134,086                          | 2025   |

14.3 Business losses would expire as follows:

| Accounting year to which business loss relates | Amount of business losses (Rupees) | Accounting year in which business loss will expire |
|--|------------------------------------|--|
| 2016   | 4,773,306                          | 2022   |
| 2018   | 21,495,925                         | 2024   |
| 2019   | 24,303,424                         | 2025   |
| 2020   | 1,396,251                          | 2026   |

14.4 Alternative corporate taxes would expire are as follows:

| Accounting year to which alternative corporate taxes relates | Amount of minimum taxes (Rupees) | Accounting year in which alternative corporate taxes will expire |
|--|----------------------------------|--|
| 2021   | 1,055,375                        | 2031   |

|  | Note        | 2021<br>Rupees    | 2020<br>Rupees   |
|--|-------------|-------------------|------------------|
| <b>15 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES</b> |             |                   |                  |
| Accrued expenses                                     |             | <u>1,096,898</u>  | <u>992,655</u>   |
| <b>16 TRADE AND OTHER PAYABLES</b>                   |             |                   |                  |
| Creditors for sale of shares on behalf of clients    | 17.1 & 17.2 | 22,989,507        | 5,506,968        |
| National Clearing Company of Pakistan Ltd.           |             | 1,219,352         | 1,515,402        |
| Sales tax payable                                    |             | 320,066           | -                |
| PWWF payable   |             | <u>128,127</u>    | <u>-</u>         |
|  |             | <u>24,657,052</u> | <u>7,022,370</u> |

16.1 The total value of securities pertaining to clients is Rs. 2,993,410,837 (2020: Rs. 1,408,077,323) held in sub-accounts of the company. Value of securities pledged of clients with National Clearing Company of Pakistan Limited is amounting Rs. 105,877,626 (2020: Rs. 31,135,911) against exposure.

16.2 Total value of pledged securities with financial institutions is as follows:

|         | 2021                 |                   | 2020                 |                   |
|---------|----------------------|-------------------|----------------------|-------------------|
|         | Number of Securities | Amount Rupees     | Number of Securities | Amount Rupees     |
| Clients | 1,600,000            | 16,350,000        | 4,305,725            | 53,494,583        |
|         | <u>1,600,000</u>     | <u>16,350,000</u> | <u>4,305,725</u>     | <u>53,494,583</u> |

16.3 Creditors for sale of shares on behalf of clients include the following amount due to related parties:

| Name of related party | Basis of relationship                  | Note | 2021          | 2020          |
|-----------------------|--|------|---------------|---------------|
|                       |  |      | Rupees        | Rupees        |
| Nadeem Javed          | Chief Executive                        |      | 7,812         | 87,741        |
| Shamsa Nadeem         | Director                               |      | 11,422        | 11            |
| Muhammad Hashim       | Close family member of chief executive |      | 9,218         | 7             |
| Ahmad Bilal Chaudry   | Substantial shareholding in the        |      | -             | 403           |
| Wasim Ahmed           | company                                |      | -             | 7             |
|                       |  |      | <u>28,453</u> | <u>88,169</u> |

## 17 LOAN FROM BANKING COMPANY

### From financial institutions

|                                       |      |                    |                    |
|---------------------------------------|------|--------------------|--------------------|
| Summit Bank Limited - (secured) RF-II | 17.1 | 83,097,998         | 83,097,998         |
| Silk Bank Limited - (secured) RF-I    | 17.2 | 23,740,436         | 23,740,436         |
| Silk Bank Limited - (secured) RF-II   | 17.3 | 42,108,879         | 42,108,879         |
|                                       |      | <u>148,947,313</u> | <u>148,947,313</u> |

17.1 This facility of Rs. 83.09 million was available to the company under the mark up arrangement from Summit Bank Limited. Rate of mark up was Three Months KIBOR plus 4% per annum. This facility remained secured by personal guarantee of directors, token registered mortgage of Rs.0.10 million and Equitable Mortgage with 30% margin on the market value of three properties which had been valued by independent valuers.

The company has instituted a suit on 27-2-2019 against the Summit Bank Limited on account of illegalities and breach of contractual obligations in the Honourable Lahore Banking Court No. II for Rs. 91.970 million. The matter is pending adjudication. There is no scope of any loss to the company in the instant matter. This case is being vigorously pursued by the company and there are good chances of favorable result in this case.

17.2 This facility of Rs. 25.00 million (2020: Rs. 25.00 million) was available to the company under the mark up arrangement from Silk Bank Limited. Rate of mark up was One Year KIBOR plus 4.5% per annum (2020: One Year KIBOR plus 4.5% per annum). This facility remained secured by personal guarantee and pledge of shares of directors and their associates. The company has forwarded request to the financial institutions for the renewal of credit limits which are under process.

17.3 This facility of Rs. 40.00 million (2020: Rs. 40.00 million) was available to the company under the mark up arrangement from Silk Bank Limited. Rate of mark up was One Year KIBOR plus 4.5% per annum (2020: One Year KIBOR plus 4.5% per annum). This facility remained secured by personal guarantee of directors and also secured by mortgage of property of an associate and personal guarantee of directors and their associates. The company has forwarded request to the financial institutions for the renewal of credit limits which are under process.

|   | Note | 2021<br>Rupees     | 2020<br>Rupees     |
|---|------|--------------------|--------------------|
| <b>18 LOAN FROM RELATED PARTIES</b>                   |      |                    |                    |
| <b>Loan from:</b>                                     |      |                    |                    |
| Mr. Nadeem Javed- Chief Executive                     | 18.1 | <u>1,314,191</u>   | <u>5,539,191</u>   |
|   |      | <u>1,314,191</u>   | <u>5,539,191</u>   |
| <b>18.1 Particulars of loan from related parties:</b> |      |                    |                    |
| Balance as at July 01,                                |      | 5,539,191          | 12,589,191         |
| Add: Loan received during the year                    |      | <u>-</u>           | <u>-</u>           |
|   |      | 5,539,191          | 12,589,191         |
| Less: Adjustment/repayment during the year            |      | <u>(4,225,000)</u> | <u>(7,050,000)</u> |
|   | 18.2 | <u>1,314,191</u>   | <u>5,539,191</u>   |

18.2 This represented interest free and un-secured loan obtained from chief executive of the company to meet the working capital requirements of the company. It was being utilized for the said purpose.

## 19 CONTINGENCIES AND COMMITMENTS

### 19.1 Contingencies

19.1.1 The company has not accounted for additional interest aggregating amount Rs. 21.06 million (2020: Rs. 11.68 million) on the loan payable to Summit Bank Limited as the matter is subjudice with the Honourable Lahore Banking Court No. II referred to note no. 17.1 in the financial statements.

During the year, the Summit Bank Limited has also filed a suit against the company with the Honourable Lahore Banking Court No. II, wherein the bank has claimed recovery of Rs. 97.94 million. This suit is presently pending adjudication before the Honourable Lahore Court, Lahore. This case is being vigorously pursued by the company and there are good chances of favorable result in this case. The company also filed PLA before Lahore High Court, Lahore which has been fixed for arguments.

19.1.2 Based on legal opinion obtained from the legal advisor, the company did not account for the markup aggregating amounting Rs. 13.55 million (2020: Rs. 5.87 million) on running finance facilities obtained from the Silk Bank Limited as referred to note no. 17.2 and 17.3 to the financial statements as the limits of these facilities have not been renewed by the bank.

### 19.2 Commitments

Commitments as at reporting date were Rs. nil (2020: Rs. nil).

|   | Note  | 2021<br>Rupees     | 2020<br>Rupees     |
|---|---|--------------------|--------------------|
| <b>20 BROKERAGE AND COMMISSION</b>          |   |                    |                    |
| Retail Customers                            | 20.1  | 18,574,015         | 9,790,446          |
| Less: Sales tax                             |   | <u>(2,561,933)</u> | <u>(1,350,406)</u> |
|   |   | <u>16,012,082</u>  | <u>8,440,040</u>   |
| <b>20.1</b>                                 | Commission from retail customers includes the commission earned from following related parties: |                    |                    |
|   |   | <b>2021</b>        | <b>2020</b>        |
| <b>Name of related party</b>                | <b>Basis of relationship</b>  | <b>Rupees</b>      | <b>Rupees</b>      |
| Nadeem Javed                                | Chief Executive   | 1,192,672          | 124,672            |
| Shamsa Nadeem                               | Relative of chief executive   | 102,000            | -                  |
| Muhamamd Hashim                             | Relative of chief executive   | 420,940            | -                  |
|   |   | <u>1,715,612</u>   | <u>124,672</u>     |
| <b>21 DIRECT COST</b>                       |   |                    |                    |
| <b>Charges paid to :</b>                    |   |                    |                    |
| National Clearing Company of Pakistan Ltd.  |   | 248,548            | 176,664            |
| Central Depository Company of Pakistan Ltd. |   | 333,990            | 265,709            |
| Pakistan Stock Exchange Ltd.                |   | 214,591            | 93,920             |
|   |   | <u>797,129</u>     | <u>536,293</u>     |
| <b>22 OPERATING EXPENSES</b>                |   |                    |                    |
| Directors' remuneration                     |   | 3,800,000          | 1,800,000          |
| Staff salaries and benefits                 |   | 2,946,271          | 2,758,400          |
| Rent, rates and taxes                       |   | 525,000            | 37,991             |
| Communication expenses                      |   | 221,840            | 279,099            |
| Utility charges                             |   | 376,911            | 344,112            |
| Printing and stationery                     |   | 68,568             | 42,463             |
| Repair and maintenance                      |   | 631,815            | 18,040             |
| Vehicle running and maintenance             |   | 740,230            | 241,017            |
| Legal and professional charges              |   | 625,250            | 75,000             |
| Auditor's remuneration                      | 22.1  | 165,000            | 229,500            |
| Fee and subscription                        |   | 69,691             | 67,470             |
| Entertainment                               |   | 870,432            | 328,704            |
| Insurance                                   |   | 178,927            | 193,264            |
| Depreciation                                | 4   | 59,213             | 70,895             |
| Security services                           |   | 58,536             | 57,600             |
| Postage and courier                         |   | 12,018             | 15,741             |
| Software charges                            |   | 291,312            | 288,852            |
| Others                                      |   | 111,953            | 580,977            |
|   |   | <u>11,752,967</u>  | <u>7,429,125</u>   |

## 22.1 Auditor's remuneration

The audit fee and remuneration for other services included in the financial statements is as follows:

|   | Note | 2021<br>Rupees   | 2020<br>Rupees   |
|---|------|------------------|------------------|
| <b>Amin, Mudassar &amp; Co.<br/>Chartered Accountants</b> |      |                  |                  |
| <b>Audit Services</b>                                     |      |                  |                  |
| Statutory audit   |      | 165,000          | 152,100          |
| <b>Non-Audit Services</b>                                 |      |                  |                  |
| Certification fee for regulatory purposes                 |      | 83,500           | 77,400           |
|   |      | <u>248,500</u>   | <u>229,500</u>   |
| <b>23 OTHER OPERATING EXPENSES</b>                        |      |                  |                  |
| Provision for doubtful debts                              |      | 1,653            | -                |
| Balances written off                                      |      | -                | 19,685           |
| Punjab workers welfare fund                               |      | 128,127          | -                |
|   |      | <u>129,780</u>   | <u>19,685</u>    |
| <b>24 OTHER OPERATING INCOME</b>                          |      |                  |                  |
| <b>Income from financial assets</b>                       |      |                  |                  |
| Dividend income   |      | 590,783          | 675,180          |
| Profit on saving account                                  |      | 2,060,604        | 2,160,934        |
| Reversal of provision for doubtful debts                  |      | -                | 9,058            |
| Profit on exposure margin                                 |      | 103,256          | 207,454          |
|   |      | 2,754,643        | 3,052,626        |
| <b>Income from assets other than financial assets</b>     |      |                  |                  |
| Other income  |      | 290,232          | 304,586          |
| Physical shares conversion fee                            |      | 81,911           | 33,665           |
|   |      | 372,143          | 338,251          |
| Less: sales tax   |      | (51,330)         | (46,656)         |
|   |      | 320,813          | 291,595          |
|   |      | <u>3,075,456</u> | <u>3,344,221</u> |
| <b>25 FINANCE COST</b>                                    |      |                  |                  |
| Mark up on short term borrowings                          |      | -                | 5,261,453        |
| Bank charges  |      | 1,291            | 718              |
|   |      | <u>1,291</u>     | <u>5,262,171</u> |
| <b>26 TAXATION</b>  |      |                  |                  |
| Income tax:   |      |                  |                  |
| -Current  |      | 1,143,992        | 267,775          |
| -Deferred   |      | -                | -                |
|   |      | <u>1,143,992</u> | <u>267,775</u>   |

- 26.1 Income tax assessment of the Company have been finalized up to tax year 2020 on the basis of returns filed as the company did not receive any correspondence in this respect.
- 26.2 No numeric tax rate reconciliation is presented for the current and prior year as the company was either liable to pay tax under final tax regime or alternative corporate tax under the provisions of the Income Tax Ordinance 2001.

|   | 2021              | 2020               |
|---|-------------------|--------------------|
| <b>27 EARNINGS PER SHARE - BASIC AND DILUTED</b>                                |                   |                    |
| Profit/(loss) for the year-Rupees   | <u>5,262,379</u>  | <u>(1,730,788)</u> |
| Weighted average number of ordinary shares outstanding during the year -Numbers | <u>10,000,000</u> | <u>10,000,000</u>  |
| Earnings per share-Rupees   | <u>0.53</u>       | <u>(0.17)</u>      |

**28 NUMBER OF EMPLOYEES**

|  | 2021<br>( N u m b e r ) | 2020      |
|--|-------------------------|-----------|
| Total number of employees at the end of year | <u>13</u>               | <u>12</u> |
| Average number of employees during the year  | <u>13</u>               | <u>12</u> |

**29 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the chief executive and directors of the company is as follows:

|                 | 2021                                 |                   | 2020                                 |                   |
|-----------------|--------------------------------------|-------------------|--------------------------------------|-------------------|
|                 | Managerial<br>Remuneration<br>Rupees | No. of<br>Persons | Managerial<br>Remuneration<br>Rupees | No. of<br>Persons |
| Chief Executive | 3,600,000                            | 1                 | 1,800,000                            | 1                 |
| Director        | 200,000                              | 1                 | -                                    | -                 |
| Executive       | -                                    | -                 | -                                    | -                 |



| 30 | FINANCIAL INSTRUMENTS BY CATEGORY                 | Note | 2021<br>Rupees     | 2020<br>Rupees     |
|----|---|------|--------------------|--------------------|
|    | <b>Financial assets and financial liabilities</b> |      |                    |                    |
|    | <b>Financial assets</b>                           |      |                    |                    |
|    | <b>Available for sale</b>                         |      |                    |                    |
|    | Long term investment                              |      | <u>18,111,704</u>  | <u>17,850,071</u>  |
|    | <b>Loans and receivables</b>                      |      |                    |                    |
|    | Long term deposits                                |      | 1,070,000          | 860,000            |
|    | Trade debts                                       |      | 374,640            | 615,884            |
|    | Interest accrued                                  |      | 6,829              | 9,103              |
|    | Trade deposits                                    |      | 2,300,000          | 2,300,000          |
|    | Cash and bank balances                            |      | <u>230,917,563</u> | <u>211,355,949</u> |
|    |   |      | <u>234,669,032</u> | <u>215,140,936</u> |
|    | <b>Financial liabilities</b>                      |      |                    |                    |
|    | <b>Financial liabilities at amortized cost</b>    |      |                    |                    |
|    | Deposits, accrued liabilities and advances        |      | 1,096,898          | 992,655            |
|    | Trade and other payables                          |      | 24,657,052         | 7,022,370          |
|    | Loan from banking company                         |      | 148,947,313        | 148,947,313        |
|    | Loan from related party                           |      | 1,314,191          | 5,539,191          |
|    | Markup on short term borrowings                   |      | <u>20,120,972</u>  | <u>20,120,973</u>  |
|    |   |      | <u>196,136,426</u> | <u>182,622,502</u> |

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### 31 LIQUID CAPITAL BALANCE

The liquid capital balance has been prepared on the basis of Securities Brokers (Licensing and Operations) Regulations, 2016 (The Regulations) issued by Securities and Exchange Commission of Pakistan.

| S. No.           | Head of Account  | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|------------------|--|---------------------|------------------------|--------------------|
| <b>1. Assets</b> |  |                     |                        |                    |
| 1.1              | Property & Equipment   | 336,883             | 100.00%                | -                  |
| 1.2              | Intangible Assets  | 2,500,000           | 100.00%                | -                  |
| 1.3              | Investment in Govt. Securities   | -                   | -                      | -                  |
|                  | <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%                  | -                  |
| 1.4              | 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.  | -                   | 0.00%                  | -                  |
|                  | ii. If unlisted, 100% of carrying value.   | 18,111,704          | 100.00%                | -                  |
|                  | iii. Subscription money against Investment in IPO/ offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker. are not included in the investments of securities broker   | -                   | -                      | -                  |
| 1.5              | iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017). Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017) | -                   | -                      | -                  |
| 1.6              | Investment in subsidiaries   | -                   | 100.00%                | -                  |
|                  | <b>Investment in associated companies/undertaking</b>  |                     |                        |                    |
| 1.7              | i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.   | -                   | -                      | -                  |
|                  | ii. If unlisted, 100% of net value.  | -                   | 100.00%                | -                  |
| 1.8              | Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.  | 1,070,000           | 100.00%                | -                  |
| 1.9              | Margin deposits with exchange and clearing house.  | 2,300,000           | -                      | 2,300,000          |
| 1.10             | Deposit with authorized intermediary against borrowed securities under SLB.  | -                   | -                      | -                  |
| 1.11             | Other deposits and prepayments   | 2,234,113           | 100.00%                | -                  |
| 1.12             | Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)  | 6,829               | -                      | 6,829              |
|                  | 100% in respect of markup accrued on loans to directors, subsidiaries and other related parties  | -                   | 100.00%                | -                  |
| 1.13             | Dividends receivables.   | -                   | -                      | -                  |
| 1.14             | Amounts receivable against Repo financing.<br>Amount paid as purchaser under the REPO agreement. ( <i>Securities purchased under repo arrangement shall not be included in the investments.</i> )  | -                   | -                      | -                  |
| 1.15             | i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months  | -                   | -                      | -                  |
|                  | Receivables other than trade receivables   | 82,766              | 100.00%                | -                  |
|                  | <b>Receivables from clearing house or securities exchange(s)</b>   |                     |                        |                    |
| 1.16             | i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.  | -                   | -                      | -                  |
|                  | ii) Receivable on entitlements against trading of securities in all markets including MTM gains.   | -                   | -                      | -                  |
|                  | <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 finnee (iii) market value of any securities deposited as collateral after applying VaR based haircut.<br>i. Lower of net balance sheet value or value determined through adjustments.   | -                   | -                      | -                  |

| S. No.                | Head of Account  | Value in Pak Rupees | Hair Cut/ Adjustments | Net Adjusted Value |
|-----------------------|--|---------------------|-----------------------|--------------------|
| 1.17                  | ii. Incase receivables are against margin trading, 5% of the net balance sheet value.<br><i>ii. Net amount after deducting haircut</i>   | -                   | 5.00%                 | -                  |
|                       | iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract,<br><i>iii. Net amount after deducting haircut</i>   | -                   | -                     | -                  |
|                       | iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.<br><i>iv. Balance sheet value</i>   | 2,858               | -                     | 2,858              |
|                       | v. Incase 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.<br><i>v. Lower of net balance sheet value or value determined through adjustments</i>   | 289,016             | -                     | 289,016            |
|                       | <i>vi. 100% haircut in the case of amount receivable form related parties.</i>   | -                   | 100.00%               | -                  |
|                       | <b>Cash and Bank balances</b>  |                     |                       |                    |
| 1.18                  | i. Bank Balance-proprietary accounts   | 203,196,978         | -                     | 203,196,978        |
|                       | ii. Bank balance-customer accounts   | 26,900,038          | -                     | 26,900,038         |
|                       | iii. Cash in hand  | 820,547             | -                     | 820,547            |
| 1.19                  | <b>Total Assets</b>  | <b>257,851,732</b>  |                       | <b>233,516,267</b> |
| <b>2. Liabilities</b> |  |                     |                       |                    |
| 2.1                   | <b>Trade Payables</b>  |                     |                       |                    |
|                       | i. Payable to exchanges and clearing house   | 1,219,352           | -                     | 1,219,352          |
|                       | ii. Payable against leveraged market products  | -                   | -                     | -                  |
|                       | iii. Payable to customers  | 22,989,507          | -                     | 22,989,507         |
| 2.2                   | <b>Current Liabilities</b>   |                     |                       |                    |
|                       | i. Statutory and regulatory dues   | 448,193             | -                     | 448,193            |
|                       | ii. Accruals and other payables  | 21,217,870          | -                     | 21,217,870         |
|                       | iii. Short-term borrowings   | 150,261,504         | -                     | 150,261,504        |
|                       | iv. Current portion of subordinated loans  | -                   | -                     | -                  |
|                       | v. Current portion of long term liabilities  | -                   | -                     | -                  |
|                       | vi. Deferred Liabilities   | -                   | -                     | -                  |
|                       | vii. Provision for bad debts   | -                   | -                     | -                  |
|                       | viii. Provision for taxation   | 726,839             | -                     | 726,839            |
|                       | ix. 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 instituion: 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  | -                   | -                     | -                  |
|                       | iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if:<br>a. The existing authorized share capital allows the proposed enhanced share capital<br>b. Boad of Directors of the company has approved the increase in capital<br>c. Relevant Regulatory approvals have been obtained<br>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.<br>e. Auditor is satisfied that such advance is against the increase of capital.   | -                   | -                     | -                  |
|                       | iv. Other liabilities as per accounting principles and included in the financial statements  | -                   | -                     | -                  |
| 2.4                   | <b>Subordinated Loans</b>  |                     |                       |                    |
|                       | 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted :<br>The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified:<br>a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period<br>b. No haircut will be allowed against short term portion which is repayable within next 12 months.<br>c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange | -                   | -                     | -                  |
| 2.5                   | <b>Total Liabilites</b>  | <b>196,863,265</b>  |                       | <b>196,863,265</b> |

| S. No.                                      | Head of Account   | Value in Pak Rupees | Hair Cut/ Adjustments | Net Adjusted Value |
|---|---|---------------------|-----------------------|--------------------|
| <b>3. Ranking Liabilities Relating to :</b> |   |                     |                       |                    |
| 3.1   | <b>Concentration in Margin Financing</b><br>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   | <b>Concentration in securities lending and borrowing</b><br>The amount by which the aggregate of:<br>(i) Amount deposited by the borrower with NCCPL<br>(ii) Cash margins paid and<br>(iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed  | -                   | -                     | -                  |
| 3.3   | <b>Net underwriting Commitments</b><br><b>(a) in the case of right issue :</b> if the market value of securities is less than or equal to the subscription price;<br>the aggregate of:<br>(i) the 50% of Haircut multiplied by the underwriting commitments and<br>(ii) the value by which the underwriting commitments exceeds the market price of the securities.<br>In the case of rights issue where the market price of securities is greater than the subscription price,<br>5% of the Haircut multiplied by the net underwriting<br><b>(b) in any other case :</b> 12.5% of the net underwriting commitments | -                   | -                     | -                  |
| 3.4   | <b>Negative equity of subsidiary</b><br>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><br>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   | <b>Repo adjustment</b><br><b>In the case of financier/purchaser</b> the total amount receivable under Repo less the 110% of the market value of underlying securities.<br><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><br>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   | <b>Opening Positions in futures and options</b><br>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<br>ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met   | -                   | -                     | -                  |
| 3.10  | <b>Short sell positions</b><br>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<br>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>  | -                   | -                     | -                  |
|   |   | <u>60,988,467</u>   |                       | <u>36,653,002</u>  |
|   | <b>Liquid Capital Balance</b>   |                     |                       | <u>36,653,002</u>  |

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32 NET CAPITAL BALANCE

The net capital balance has been prepared on the basis of Securities Exchange Commission (SEC) Rules, 1971, the Securities Brokers (Licensing and Operations) Regulation, 2016 (The Regulations) and guidelines issued by Securities and Exchange Commission of Pakistan.

|  | Rupees      | Rupees            |
|--|-------------|-------------------|
| <b>CURRENT ASSETS</b>                                    |             |                   |
| <b>Margin Deposit with Clearing Houses</b>               |             |                   |
| National Clearing Company of Pakistan Limited            | 2,300,000   | 2,300,000         |
| <b>Cash in hand and bank balances</b>                    |             |                   |
| Bank balances  |             |                   |
| Pertaining to Brokerage House                            | 203,196,978 |                   |
| Pertaining to Clients                                    | 26,900,038  |                   |
|  | 230,097,016 |                   |
| Cash in hand   | 820,547     | 230,917,563       |
| <b>Trade Receivables</b>                                 |             |                   |
| Receivable from National Clearing Company of Pakistan    | -           |                   |
| Receivables from clients                                 | 334,130     |                   |
| Less: Outstanding for more than 14 days                  | 289,304     |                   |
|  | 44,826      | 44,826            |
| <b>Investment in Listed Securities</b>                   |             |                   |
| Securities appearing and owned by Brokerage House        | -           |                   |
| Less: 15% discount                                       | -           | -                 |
| <b>Securities purchased for clients</b>                  |             |                   |
| Receivable from clients after expiry of 14 days          | 254,035     | 254,035           |
|  |             | 233,516,424       |
| <b>LESS: CURRENT LIABILITIES</b>                         |             |                   |
| <b>Trade and other payables</b>                          |             |                   |
| Overdue payables   | 22,989,507  |                   |
| Less: Overdue more than 30 days                          | 7,758,451   |                   |
|  | 15,231,056  |                   |
| <b>Other Liabilities</b>                                 |             |                   |
| Trade payables overdue more than 30 days                 | 7,758,451   |                   |
| Payable to National Clearing Company of Pakistan Limited | 1,219,352   |                   |
| Accrued expenses   | 1,096,898   |                   |
| Loan from banking company                                | 148,947,313 |                   |
| Loan from related party                                  | 1,314,191   |                   |
| Accrued interest   | 20,120,972  |                   |
| Other liabilities  | 448,193     |                   |
| Provision for taxation                                   | 726,839     |                   |
|  | 181,632,209 | 196,863,265       |
| <b>NET CAPITAL BALANCE</b>                               |             | <u>36,653,159</u> |

33 **CORRESPONDING FIGURES**

The corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and better presentation. However, there is no major reclassification to report.

34 **GENERAL**

Figures have been rounded off to the nearest of rupee.

35 **DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on 07 OCT 2021 by the Board of Directors of the Company.



**CHIEF EXECUTIVE**



**DIRECTOR**