



**ASDA SECURITIES
(PRIVATE) LIMITED**
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022

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Independent Auditors' Report

To the members of ASDA Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **ASDA Securities (Private) Limited**, ("the Company") which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss, comprehensive loss, 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.

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

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

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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 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- 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 and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the 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 Mohammad Hanif Razzak.


Chartered Accountants

Karachi:

Dated: October 05, 2022

UDIN: AR202210222jymV6t2IR

ASDA Securities (Private) Limited
Statement of Financial Position
As at June 30, 2022

	Note	June 2022 ---Rupees---	June 2021 ---Rupees---
ASSETS			
Non-Current assets			
Property, Plant and Equipment	6	7,863,100	4,827,331
Intangible Assets	7	2,500,000	2,500,000
Long Term Investments	8	4,099,550	8,940,465
Long Term Loan to Staff		405,500	242,500
Long Term Deposits	9	11,200,000	11,200,000
		26,068,150	27,710,296
Current Assets			
Trade Debts	10	8,638,103	9,106,064
Loans and Advances	11	436,500	438,000
Trade Deposits and other receivables	12	14,800,020	18,243,285
Short term investments	13	324,004,395	527,259,924
Bank Balances	14	9,612,613	29,797,635
		357,491,631	584,844,908
TOTAL ASSETS		383,559,781	612,555,204
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
15,000,000 ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, Subscribed and Paid-up capital			
Unappropriated profit	15	140,000,000	140,000,000
		(78,012,464)	61,254,569
		61,987,536	201,254,569
Loan from director and sponsor - Equity contribution			
	16	49,300,000	39,300,000
		111,287,536	240,554,569
CURRENT LIABILITIES			
Trade and other payables	17	51,268,386	115,585,454
Accrued markup	18	8,220,281	5,200,397
Short term borrowings -secured	19	212,696,714	248,088,617
Provision for taxation		86,864	3,126,167
		272,272,245	372,000,635
Contingencies and commitments			
	20	-	-
		383,559,781	612,555,204

The annexed notes 1 to 38 form an integral part of these financial statements

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Chief Executive

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Director

ASDA Securities (Private) Limited
Statement of Profit or Loss
and other comprehensive income
For The Year Ended June 30, 2022

	Note	2022	2021
		-----Rupees-----	
Operating Revenues	21	24,370,636	46,208,694
Unrealized loss on remeasurement of listed shares	13.1	(40,808,470)	-
Unrealized gain on remeasurement of listed shares	13.1	-	106,759,605
Realized gain on sale of listed shares		-	45,190,221
Realized loss on sale of listed shares		(49,764,532)	-
		(66,202,367)	198,158,520
Administrative and Operating Expenses	22	31,107,733	36,717,665
Other operating Expenses	23	99,001	18,824,669
Finance Cost	24	27,826,799	18,717,350
		59,033,533	74,259,684
		(125,235,900)	123,898,836
Other Income	25	239,000	2,383,000
(Loss) / Profit before taxation		(124,996,900)	126,281,836
Provision for taxation	26	1,138,327	(3,963,991)
(Loss) / Profit after taxation		(123,858,573)	122,317,845
Other Comprehensive Income			
Loss derecognition on investment classified as Investment at fair value through other comprehensive income		(8,999,600)	12,810,400
Recognized loss on disposal of investment classified as Investment at fair value through other comprehensive income		(6,408,860)	-
Total Comprehensive (Loss) / Income		(139,267,033)	135,128,245
(Loss) / Earning Per Share - Basic and diluted		(8.85)	8.74

The annexed notes 1 to 38 form an integral part of these financial statements

Signature

Signature

Chief Executive

Signature

Director

ASDA Securities (Private) Limited
Statement of Changes in Equity
For The Year Ended June 30, 2022

	Issued, Subscribed and Paid up Capital	Un-appropriated Profit / Fair value of investment at fair value through comprehensive income	Loan from director & sponsor - Equity Contribution	Total
-----Rupees-----				
Balance as at July 01, 2021	140,000,000	(73,873,675)	19,500,000	85,626,325
Loan received during the year	-	-	19,800,000	19,800,000
Profit for the year	-	122,317,844	-	122,317,844
Other Comprehensive loss	-	12,810,400	-	12,810,400
Total Comprehensive income for the year	-	135,128,244	-	135,128,244
Balance as at June 30, 2021	140,000,000	61,254,569	39,300,000	240,554,569
Loan received during the year	-	-	10,000,000	10,000,000
Profit for the year	-	(123,858,573)	-	(123,858,573)
Other Comprehensive income	-	(15,408,460)	-	(15,408,460)
Total Comprehensive income for the year	-	(139,267,033)	-	(139,267,033)
Balance as at June 30, 2022	140,000,000	(78,012,464)	49,300,000	111,287,536

The annexed notes 1 to 38 form an integral part of these financial statements

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Chief Executive

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Director

ASDA Securities (Private) Limited
Statement of Cash Flows
For The Year Ended June 30, 2022

	Note	2022	2021
		-----Rupees-----	
Cash flows From Operating activities			
Cash flow from operations	27	(116,243,066)	142,033,672
Finance cost paid		(24,806,915)	(16,776,618)
Long term deposits		-	(1,600,000)
Long term loan to employees		(163,000)	281,500
Income tax Paid		(1,900,976)	(4,002,495)
Net Cash (used in)/generated from operating activities		<u>(143,113,957)</u>	<u>119,936,059</u>
Cash flows From Investing Activities			
Additions to property , plant and equipment		(3,558,675)	(5,676,000)
Sales proceed of disposal in property, plant and equipment		-	5,700,000
Short term investments - net		151,879,514	(229,401,110)
Net Cash (used in)/generated from investing activities		<u>148,320,839</u>	<u>(229,377,110)</u>
Cash flows From Financing Activities			
Loan from director & sponsor - Equity contribution		10,000,000	-
Net (decrease) / increase in cash and cash equivalents		<u>15,206,881</u>	<u>(109,441,051)</u>
Cash and cash equivalent at beginning		(218,290,982)	(108,849,931)
Cash and cash equivalent at end	28	<u>(203,084,101)</u>	<u>(218,290,982)</u>

The annexed notes 1 to 38 form an integral part of these financial statements

K.P.S.


Chief Executive


Director

ASDA Securities (Private) Limited
Notes to the Financial Statements For The Year Ended June 30, 2022

1 The Company and its operation

The company was incorporated under the Companies Ordinance, 1984 on 24th June, 2006 as a Private Limited Company. The company is principally engaged in the business of equity brokerage, equity research and corporate finance advisory. The registered office of the company is situated at Office No # 406 - 408, 4th Floor, Stock Exchange New Building, Pakistan Stock Exchange, Tower, Karachi.

2 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;
- 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.

3 Standards, amendments to published approved accounting standards

- a) Standards, interpretations and amendments to published approved accounting standards that became effective during the year**

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2021 which are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

- b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

There is a standard and certain other amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

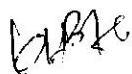
4 BASIS OF PREPARATION

4.1 Basis of measurement

These financial statements comprise of statement of financial position, Statement of profit or loss, statement of comprehensive income, statement of changes in equity and statements of cash flows together with explanatory notes forming part thereof and have been prepared under the 'historical cost convention' except as has been specifically stated below in respective notes.

4.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.



4.3 Critical Accounting estimates and judgments:

The preparation of financial statements requires management to make judgments, estimates and assumption that have an effect on the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on the historical experience and various factors that are believe to be reasonable under the circumstances. the result of which the basis of making judgment about the carrying amount of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

- (a) Recognition of taxation and deferred taxation (note 5.6);
- (b) Determining the residual values and useful lives of property and equipment (note 5.1);
- (c) Impairment of financial assets (note 5.10); and
- (d) Classification of Investments.
- (e) Intangible assets (note 5.3).

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property and Equipment

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any.

Depreciation on all fixed assets is charged to statement of profit or loss applying the reducing balance method whereby the cost of an assets is written off over its estimated useful life at rates given in note no 6. Monthly's depreciation is charged on additions while no depreciation is charged on assets disposed during the month.

Maintenance and normal repairs are charged to statement of profit or loss, as and when incurred. Gain or loss on disposal of fixed assets is included is recognized as income in the year of disposal.

5.2 Capital work in Progress:

Capital work in progress, if any, is stated at cost.

5.3 Intangible assets

Intangible asset is recognized as an asset if it is probable that future economic benefit attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Amortization is charged to statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. All intangible assets are systematically tested for impairment at each reporting date. A full year's amortization is charged on additions while no depreciation is charged on assets disposed during the year.

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a) **Trading Right Entitlement Certificate**

Trading Right Entitlement Certificate is stated at cost of acquisition less provision for impairment, if any. In the previous year upon demutualization of the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) the changes effected has been recorded which are stated in respective notes.

b) **Computer Software**

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

Computer Software and License are stated at cost less accumulated amortization and any identified impairment loss.

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

5.4 **Investments**

At fair value through profit or loss

Investments which are acquired principally for the purpose of selling in the near term are classified as investments at fair value through profit or loss. These are recognized initially at cost being the fair value of the consideration given. Subsequently, these are re-measured at fair values representing prevailing market prices. Resulting gain or loss is recognized in the statement of profit or loss.

Investment at fair Value through Other Comprehensive Income

Other investments not covered in any of the above categories are initially recognized at fair value plus attributable transactions costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in other comprehensive income. Gains or losses on fair value through other comprehensive income are recognized in other comprehensive income and are never reclassified to the statement of port or loss.

5.5 **Trade debts**

Trade debts originated by the company are recognized and carried at transaction price amount less an allowance for any uncollectible amounts. An expected credit loss is established when there is objective evidence that the Company will not be able to collect amounts due according to the original terms of the trade debts. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

5.6 **Taxation**

Current :

Provision for current taxation in the accounts is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax, or alternate corporate tax whichever is higher.

Deferred :

The company accounts for deferred taxation arising on all temporary differences by using the liability method but does not account for net deferred tax asset unless the realization whereof is certain in foreseeable future.

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5.7 Trade and other payables

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

5.8 Provisions

A provision is recognized in the financial statements when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

5.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents consist of cash in hand and balances with banks.

5.10 Financial instruments

Initial measurement of financial asset

The Company classifies its financial assets into the following three categories:

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

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI: These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in profit or loss.

Financial assets measured at amortized cost: These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

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5.11 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of profit or loss.

5.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents consist of cash in hand and balances with banks.

5.13 Impairment

The company assesses at each reporting date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and

5.14 Revenue recognition

Brokerage, commission, consultancy fees and other income are recognized as and when services are Dividend income is recognized when right to receive is established.

Gains/(Loss) arising on sale of investments through profit or loss are included in the statement of profit or loss in the period in which they arise.

Income from cash exposure margin, web access fees, IPOs/SPOs and profit on debt is accrued.

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6 Property, Plant and Equipment

2022				
Furniture and fittings	Computers	Vehicles	Office at KSE Building	Total

-----Rupees-----

Net Carrying value basis - June 30, 2022

Opening net book value	169,621	17,261	56,418	4,584,031	4,827,331
Additions (at Cost)	-	-	3,558,675	-	3,558,675
Disposals (NBV)	-	-	-	-	-
Depreciation charge	(16,962)	(5,178)	(271,564)	(229,202)	(522,906)
Closing net book value	152,659	12,083	3,343,529	4,354,829	7,863,100

Gross Carrying value basis - June 30, 2022

Cost	437,824	427,740	3,716,675	5,700,000	10,282,239
Accumulated depreciation	(285,165)	(415,657)	(373,146)	(1,345,171)	(2,419,139)
Net book value - 2022	152,659	12,083	3,343,529	4,354,829	7,863,100

2021				
Furniture and fittings	Computers	Vehicles	Office at KSE Building	Total

-----Rupees-----

Net Carrying value basis - June 30, 2021

Opening net book value	188,468	24,658	66,374	4,825,296	5,104,796
Additions (at Cost)	-	-	5,676,000	-	5,676,000
Disposals (NBV)	-	-	(5,617,000)	-	(5,617,000)
Depreciation charge	(18,847)	(7,397)	(68,956)	(241,265)	(336,465)
Closing net book value	169,621	17,261	56,418	4,584,031	4,827,331

Gross Carrying value basis - June 30, 2021

Cost	437,824	427,740	158,000	5,700,000	6,723,564
Accumulated depreciation	(268,203)	(410,479)	(101,582)	(1,115,969)	(1,896,233)
Net book value - 2021	169,621	17,261	56,418	4,584,031	4,827,331

Depreciation rates

10%	30%	15%	5%
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7 INTANGIBLE ASSETS

Membership Entitlements

Carrying value of TREC - net of impairment	2,500,000	200,000
Reversal of impairment previously recorded	-	2,300,000
	2,500,000	2,500,000

- 7.1 Subsequent to the demutualization of the Pakistan Stock Exchange Limited, its members were allowed "Trading Right Entitlement Certificate (TREC)" in exchange of membership along with shareholding in Pakistan Stock Exchange Ltd. The Company recorded the value of membership in the Karachi Stock Exchange (KSE) at Rs 50.5 Million as an intangible asset, which was later on allocated carrying value based on Pakistan Stock Exchange letter no: KSE/SECP-2013/1, whereby indicated notional value of Rs 15 Million was taken as its value in use which worked out at Rs. 10.426 million. The remaining balance was recorded as fair value of shares invested in Pakistan Stock Exchange Limited. Fair value of the TREC was re-assessed and the resultant difference has been adjusted from the carrying value of the TREC.

8 LONG TERM INVESTMENTS

Fair Value through other comprehensive income

400,738 (2021: 400,738) Shares of Rs. 10 each of

Pakistan Stock Exchange Limited	7.1 & 8.1	8,940,465	7,914,575
Less: Remeasurement gain / (loss)		(4,840,915)	1,025,890
		4,099,550	8,940,465

- 8.1 Face value of shares allotted by Pakistan Stock Exchange Limited in lieu of membership of the PSX works out at Rs.40.074 Million, while the recorded value of the membership card as Intangible asset was Rs. 50.5 Million, however the company have recorded the face value of the shares allotted and classified as fair value through other comprehensive income and followed the re-measurement method upon initiation of active market for these shares.

9 LONG TERM DEPOSITS

Deposit with CDC Pakistan Ltd	100,000	100,000
Deposit with National Clearing Company of Pak Ltd	1,400,000	1,400,000
Base Minimum Capital Requirement PSX	9,700,000	9,700,000
	11,200,000	11,200,000

10 TRADE DEBTS

Unsecured

Brokerage - Considered Good	10.1 & 10.2	8,638,103	9,106,064
Considered Doubtful	10.4	99,001	18,824,669
Less: Expected credit loss		(99,001)	(18,824,669)
	10.3	8,638,103	9,106,064

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10.1 The maximum aggregate month end balance due from related parties during the year was Rs.12.009 million (2021: Rs.2.991 million).

10.2 Aging analysis of the amounts due from related parties is as follows

2022				
Party Name	0 to 30 Days	31 to 180 days	More than 181 days	Total as at June 2022
Najma Aftab	276,561	-	-	276,561
Aftab Sattar	41,008	-	-	41,008
Nida Shumail	545,854	1,805,260	-	2,351,114

2021				
Party Name	0 to 30 Days	31 to 180 days	More than 181 days	Total as at June 2021
Shumail Ahmed - Director	2,313,435	-	-	2,313,435

Note 2022 2021
-----Rupees-----

10.3 Ageing analysis of amount due from customers

Not exceeding 5 days from trade date	1,132,723	3,963,575
Exceeding 5 days but not exceeding 14 days	528,417	4,264,918
	<u>1,661,140</u>	<u>8,228,493</u>

10.4 Expected credit loss

Opening Balance	18,824,669	-
Charged for the year	99,001	18,824,669
Write off during the year	(18,824,669)	-
	<u>99,001</u>	<u>18,824,669</u>
Exceeding 14 days against which listed securities held	6,976,963	877,571
Value after Hair cut applied on the basis of VAR	<u>4,520,608</u>	<u>813,201</u>

11 LOANS AND ADVANCES-Considered good, Unsecured

Current Portion of Long term loan to staff	436,500	438,000
	<u>436,500</u>	<u>438,000</u>

12 TRADE DEPOSITS AND OTHER RECEIVABLES

Trade deposits - (NCCPL - Ready Exposure Margin)	5,200,000	200,000
Trade deposits - (NCCPL - MTS Losses / Exposure Margin	4,113,617	7,575,319
Trade deposits - (NCCPL - Future Losses / Exposure	3,272,618	4,462,703
Future (Balance retained against future contract)	313,750	-

OTHER RECEIVABLES

Others - Agent balances	12,935	5,263
Receivable against Vehicle purchase	1,887,100	6,000,000
	<u>14,800,020</u>	<u>18,243,285</u>

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		2022	2021
		-----Rupees-----	
13	SHORT TERM INVESTMENTS		
	At fair value through profit or loss		
	In Listed Companies	13.1	
		320,482,595	505,170,579
		320,482,595	505,170,579
	<u>Fair value through other comprehensive income</u>		
	Pakistan Stock Exchange Limited		
	334,262 (2021: 631,526) Shares of Rs. 10 each	8.1	
		3,521,800	14,089,345
	IPO Book Building - Citi Pharma Ltd	-	8,000,000
		324,004,395	527,259,924
13.1	In Listed Shares		
	Cost of Investments including held under MTS	361,291,066	398,410,974
	Unrealized remeasurement loss	(40,808,470)	106,759,605
	Net Carrying Values being market values	320,482,595	505,170,579
	Value of shares held in CDC house or customers	559,732,924	868,681,206
	Under pledge house and sponsors/Family members	451,899,843	275,897,781
14	BANK BALANCES		
	Is Bank Ltd (Client A/c)	9,080,753	29,617,397
	Meezan Bank Ltd (Client A/c)	505,363	153,740
	Cash at bank - Client's current accounts balances	9,586,116	29,771,137
	MCB Bank Ltd	17,431	17,431
	Summit Bank Ltd	500	500
	Meezan Bank Ltd	8,567	8,567
	Cash at bank - Current Accounts	26,498	26,498
		9,612,613	29,797,635
15	ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
	2022	2021	
	4,500,000	4,500,000	Allotted for consideration paid in cash
	9,500,000	9,500,000	Allotted for consideration other than cash, *(Conversion of KSE membership)
	14,000,000	14,000,000	140,000,000
			140,000,000

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15.1	Pattern of shareholding	2022	2021	2022	2021
	Name of share holders	% of Holding		No of shares	
	1. Mr. Aftab Sattar	70%	70%	9,799,000	9,799,000
	2. Mrs. Najma Aftab	25%	0%	3,500,000	-
	2. Mrs. Erum Aznim	0%	25%	-	3,500,000
	3. Mr. Abdul Jabbar	5%	5%	700,000	700,000
	4. Others less than 5 %	0.01%	0.01%	1,000	1,000
		100%	100%	14,000,000	14,000,000

The transferred of 3,500,000 ordinary shares from Mrs Erum Aznim to Mrs Najma Aftab during the year.

Note 2022 2021
-----Rupees-----

16 LOAN FROM DIRECTOR & SPONSOR - EQUITY CONTRIBUTION

Loan From Director & Sponsor - Unsecured, interest free	49,300,000	39,300,000
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This represents loan from Director, Sponsor and repayable at the discretion of the company, hence in accordance with TR-32 issued by Institute of Chartered Accountants of Pakistan (ICAP), the loan has been classified as equity contribution as per Selected Opinion of ICAP.

17 TRADE AND OTHER PAYABLES

Creditors for sale of shares on behalf of clients	17.1	9,586,116	29,771,138
MTS unreleased payable		36,641,022	78,399,884
		46,227,138	108,171,022
Traders share in commission payable	17.2	3,317,092	4,755,534
Accrued Expenses		1,426,905	1,639,387
Other Liabilities	17.3	200,481	1,019,511
NCCPL - CGT		96,770	-
		51,268,386	115,585,454

17.1 This includes an amount of Rs. Nil (2021: Rs. 1,296,187) payable to chief executive and related parties.

17.2 This includes Rs.3.127 Million (2021: Rs.Nil million) payable to Directors and their spouses.

17.3 Other Liabilities

Withholding tax	1,762	10,484
Sindh sales tax on commission	198,719	1,009,027
	200,481	1,019,511

		2022	2021
		-----Rupees-----	
18	ACCRUED MARKUP		
	Accrued mark-up on running finance - secured	<u>8,220,281</u>	<u>5,200,397</u>
19	SHORT TERM BORROWINGS -Secured		
	Secured, Markup Bearing		
	Running finances from bank 19.1	<u>212,696,714</u>	<u>248,088,617</u>
		<u>212,696,714</u>	<u>248,088,617</u>
19.1	The facilities for running finance available from a commercial bank aggregating to Rs. 300 Million (June-2021 : Rs.300 million) and carry mark-up at the rate 3 M Kibor + 200 points spread (June-2021 : 3 M. Kibor + 200 pints spread) per annum calculated on a daily product basis chargeable and payable quarterly. These arrangements are secured against pledge/hypothecation of marketable securities, movable assets, and collaterally secured by equitable mortgage of property owned by sponsors valuing Rs. 90 Million and personal guarantee of all the directors.		
	Value under pledge with lending banks - House Account	<u>193,510,880</u>	<u>247,039,561</u>
	Value under pledge with lending banks - Sponsors	<u>7,844,012</u>	<u>28,858,220</u>
20	Contingencies and Commitments		
	There were no guarantees given by the company on behalf of any related party during the year.		
	There were no contingencies and commitments at the year end.		
21	OPERATING REVENUES		
	Brokerage Revenue - Securities - net of brokerage shares	<u>18,334,004</u>	<u>54,455,589</u>
	Income From Exposure Deposits NCCPL - MTS	<u>108,652</u>	<u>201,309</u>
	Income From Exposure Deposits NCCPL - RMS	<u>227,338</u>	<u>292,474</u>
	Other Income / Commission	<u>648,367</u>	<u>1,717,028</u>
	Income From New script Commission (IPO)	<u>464,728</u>	<u>843,877</u>
	Profit in Cash Margin - BMC	<u>890,676</u>	<u>432,964</u>
		<u>20,673,765</u>	<u>57,943,241</u>
	Less: Trader's shares in brokerage	<u>(7,809,342)</u>	<u>(18,685,804)</u>
		<u>12,864,423</u>	<u>39,257,437</u>
	Dividend Income	<u>11,506,214</u>	<u>6,951,257</u>
		<u>24,370,636</u>	<u>46,208,694</u>

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		2022	2021
		-----Rupees-----	
21.1	Brokerage revenue:		
	From Proprietary trades	9,757,409	38,289,608
	From Retail customers	7,923,785	13,867,967
	From Institutional customers	652,810	2,298,014
		<u>18,334,004</u>	<u>54,455,589</u>
22	ADMINISTRATIVE AND OPERATING EXPENSES		
	Salaries and benefits	20,077,000	18,280,000
	Fees, subscription and charges	5,258,404	10,301,805
	Communication and Conveyance	427,050	314,846
	KSE IT and Kats	565,180	632,872
	Utilities	788,032	646,786
	Office repairs and maintenance	8,500	1,832,215
	Software Maintenance	956,405	642,796
	General Expenses	916,053	507,806
	Printing and stationery / Courier Service	33,500	75,780
	Insurance	132,178	52,171
	Entertainment	521,485	594,796
	Donation / Zakat	550,000	2,051,998
	Amortization of Intangibles	-	166,529
	Depreciation	522,906	336,465
	Auditors' Remuneration	351,040	280,800
		<u>31,107,733</u>	<u>36,717,665</u>
22.1	None of the directors or their spouse had any interest in donee's fund and none of the other beneficiary received amount exceeding Rs 500,000.		
22.2	Auditors' Remuneration		
	Audit fees and sindh service tax	199,800	167,400
	Other Certifications fees	77,800	113,400
	System audit fees - M/s. Frants - Chartered Accountants	73,440	-
		<u>351,040</u>	<u>280,800</u>
23	OTHER OPERATING EXPENSES		
	Expected credit loss	99,001	18,824,669
		<u>99,001</u>	<u>18,824,669</u>

6/12/20

		2022	2021
		-----Rupees-----	
24	FINANCE COST		
	Mark-up on short term running finances	27,826,799	18,717,350
		<u>27,826,799</u>	<u>18,717,350</u>
25	OTHER INCOME		
	Gain on disposal of property, plant & equipment	-	83,000
	Reversal of impairment in intangible assets	-	2,300,000
	Others	239,000	-
		<u>239,000</u>	<u>2,383,000</u>
26	TAXATION		
	Current - for the year	1,987,840	3,963,991
	Prior year reversal	(3,126,167)	-
	Deferred-(Reversal)/Charge	26.1 -	-
		<u>(1,138,327)</u>	<u>3,963,991</u>
26.1	In view of deductible temporary differences, deferred tax asset arose which has not been recognized in view of remote possibility of realization.		
27	CASH FLOW FROM OPERATION ACTIVITIES		
	(Loss) / profit before taxation	(124,996,900)	126,281,836
	Adjustments for non -cash charges and other items		
	Depreciation	522,906	336,465
	Amortization of intangible	-	166,529
	Gain on disposal of vehicles	-	(83,000)
	Reversal of impairment in intangible assets	-	(2,300,000)
	Expected credit loss	99,001	18,824,669
	Unrealized (gain) / loss on remeasurement of shares	40,808,470	(106,759,605)
	Finance cost	27,826,799	18,717,350
		<u>69,257,176</u>	<u>(71,097,592)</u>
	Operating profit before working capital changes	<u>(55,739,723)</u>	<u>55,184,244</u>
	Changes in working capital		
	Trade debts	368,960	7,132,905
	Loans and advances	1,500	(438,000)
	Trade Deposits and other receivables	3,443,265	(11,334,382)
		<u>3,813,725</u>	<u>(4,639,477)</u>
	Increase /(Decrease) in Current liabilities		
	Trade and other payables	(64,317,068)	91,488,905
		<u>(116,243,066)</u>	<u>142,033,672</u>
28	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	9,612,613	29,797,635
	Short term finances	(212,696,714)	(248,088,617)
		<u>(203,084,101)</u>	<u>(218,290,982)</u>

6/8/22

29 FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets and Liabilities of the company, interest and non interest bearing, along with their maturities are as follows:

	2022					
	Markup / Interest Bearing			Non Markup / Interest Bearing		
	Maturity Upto One Year	Maturity after One Year	Sub Total	Maturity Upto One Year	Maturity after One Year	Sub Total
FINANCIAL ASSETS						
Long Term deposits	-	-	-	-	11,200,000	11,200,000
Trade Debts	-	-	-	8,638,103	-	8,638,103
Investments	-	-	-	324,004,395	4,099,550	328,103,945
Loans and advances	-	-	-	436,500	405,500	842,000
Trade deposits	12,586,235	-	12,586,235	-	-	12,586,235
Bank Balances	-	-	-	9,612,613	-	9,612,613
	12,586,235	-	12,586,235	342,691,611	15,705,050	358,396,661
						370,982,896

FINANCIAL LIABILITIES

Trade and other payables	-	-	-	51,268,386	-	51,268,386
Short-term borrowing	212,696,714	-	212,696,714	-	-	212,696,714
Accrued Markup	-	-	-	8,220,281	-	8,220,281
	212,696,714	-	212,696,714	59,488,667	-	59,488,667
						272,185,381

	2021					
	Markup / Interest Bearing			Non Markup / Interest Bearing		
	Maturity Upto One Year	Maturity after One Year	Sub Total	Maturity Upto One Year	Maturity after One Year	Sub Total
FINANCIAL ASSETS						
Long Term deposits	-	-	-	-	11,200,000	11,200,000
Trade Debts	-	-	-	9,106,064	-	9,106,064
Investments	-	-	-	527,259,924	8,940,465	536,200,389
Loans and advances	-	-	-	438,000	242,500	680,500
Trade deposits	12,238,022	-	12,238,022	-	-	12,238,022
Bank Balances	-	-	-	29,797,635	-	29,797,635
	12,238,022	-	12,238,022	566,601,623	20,382,965	586,984,588
						599,222,610
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	115,585,453	-	115,585,453
Short-term borrowing	248,088,617	-	248,088,617	-	-	248,088,617
Accrued Markup	-	-	-	5,200,397	-	5,200,397
	248,088,617	-	248,088,617	120,785,850	-	120,785,850
						368,874,467

The effective interest/markup rates for the financial assets and liabilities are mentioned in respective notes to the financial statements. While commission chargeable on off balance sheet items is chargeable as advised by the banks.

30 FINANCIAL INSTRUMENTS
30.1 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's activities expose it to a certain financial risks:

- Credit risk
- Liquidity risk
- Market risk (including currency risk, interest rate risk and other price risk)

The Company's overall risk management programs focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) under policies approved by the board. The Board provides formal principles for overall risk management, as well as significant policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

The information about the company's exposure to each of the above risk, the company's objectives, policies and procedures for measuring and managing risk, and the company's management of capital, is as follows;

a) **Credit risk and concentration of credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk interalia by limiting advances and credit to individual customers based on their credit worthiness, obtaining advance against exposure, obtaining collaterals where considered necessary and making appropriate provision for doubtful receivables.

Exposure to credit Risk

Company's credit risk is mainly attributable to loans and advances, balances with banks and financial institutions, and credit exposure to customers, including trade receivables and committed transactions. The maximum exposure of the company to credit risk is as follows:

	2022	2021
	Rupees	
Long term Investments	4,099,550	8,940,465
Long Term deposits	11,200,000	11,200,000
Long term loan	405,500	242,500
Trade Debts	8,638,103	9,106,064
Short term investments	324,004,395	527,259,924
Loans and advances	436,500	438,000
Trade deposits	12,586,235	12,238,022
Bank Balances	9,612,613	29,797,635
	<u>370,982,896</u>	<u>599,222,610</u>

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Loans and advances

These loans and advances are essentially due from employees and are usually adjustable against their salaries and retirement benefit balances. The Company regularly pursues for the recovery of these and the Company does not expect these employees will fail to meet their obligations. Hence the company believes that no impairment allowance is necessary in respect of loans.

Trade Debts and Investments

Trade debts are against client shareholding in listed securities which are actively traded in the market and realizable amounts are worked out, while for the differential margin are made and recovered. Similarly investments mainly represents shareholding in listed securities which are actively traded in the market and realizable amounts are worked out, while for the differential re-measurement differences are instantly recorded.

Trade Deposits

These are given to PSX/NCCPL which are prime regulator and enjoys sound creditability.

Bank balances

The company maintains balances with banks that have good and stable credit rating. Given these credit ratings, management does not expect that any counter party will fail to meet their obligations.

b) Liquidity risk

Liquidity risk represent the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. Contractual maturities of financial liabilities, including interest payments excluding the impact of netting arrangements, are shown in the Note 29.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The management forecasts liquidity risks on the basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements.

c) Market Risk

Market risk is the risk that the fair value or future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: Foreign Exchange / Currency risk, interest rate risk and other price risk. The company is directly exposed to other price risk and interest rate risk only.

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Foreign exchange / Currency risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arise mainly from future economic transactions or receivables and payables that exist due to transaction in foreign exchange. The Company is not exposed to the risk.

Interest / Markup rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the interest / mark-up rates. The exposure to interest rate risk is mainly arises in respect of variable markup / interest bearing long term and short borrowings from banks. The Company's net exposure to markup/interest rate risk is as follows;

	2022	2021
	Rupees	
Short term borrowings	212,696,714	248,088,617
	<u>212,696,714</u>	<u>248,088,617</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (increased) / decreased profit for the year by Rs. 2,126,967 (2021: Rs. 2,480,886). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

d) Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk); whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity price risk which is managed and mitigated by keeping sufficient exposure from the client's of the brokerage house.

At reporting date if the share price of investment at fair value through profit or loss had strengthened/weakened by 10% with all other variables held constant, pre tax profit for the year would have been higher/lower by the amount shown below.

	2022	2021
	Rupees	
Effect on profit and investment	32,048,260	50,517,058
Effect on other comprehensive income and investment	<u>762,135</u>	<u>2,302,981</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets/liabilities of the Company.

30.2 Fair value of Financial Assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's certain accounting policies and disclosure requires use of fair value measurement and the Company while assessing fair value maximize the use of relevant of observable inputs and minimize the use of unobservable inputs establishing a fair value hierarchy, i.e., input used in fair value measurement is categorized into following three levels;

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Level 1: Level 1 inputs are the quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.

Level 2: Level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Level 3 inputs are unobservable inputs for the asset or liability.

As at statement of financial position the fair value of all the financial assets and liabilities approximates to their carrying values. The Company investment in listed shares amounting to Rs. 328.103 million in level 1 and does not expect that unobservable inputs may have significant effect on fair values.

31 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

During year the Company's strategy was to maintain gearing. The gearing ratio as at balance sheet date is as follows:

	2022	2021
	Rupees	
Total interest bearing borrowings	212,696,714	248,088,617
Cash at bank	(9,612,613)	(29,797,635)
Net debt	203,084,101	218,290,982
Total equity	61,987,536	201,254,569
Total capital	265,071,637	419,545,551
Gearing ratio	76.61%	52.03%

32 Net Capital Balance of the Brokerage House

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

The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines and sub-rule 6(3) of the Securities Brokers (Licensing & Operation) Regulations, 2016 and schedule II whereof is calculated as follows;

100%

DESCRIPTION	VALUATION BASIS	Note	RUPEES
CURRENT ASSETS			
Cash and Bank Balances	As per book value	32.1.1	22,198,848
Trade Receivables	Book value less overdue for more than fourteen days	32.1.2	1,661,140
Investment in listed Securities on the exposure limit		32.1.3	233,477,528
Securities in the name of marked to market less 15% discount broker			
Investment in listed Securities on the exposure limit		32.1.4	37,071,926
Securities held in MTS marked to market less 15% discount			
Securities Purchased for Clients	Securities purchased for the client and held by the member where the payment has not been received within fourteen days.	32.1.5	4,520,608
Sub-total			298,930,050
CURRENT LIABILITIES:			
Trade Payables	Book value less those overdue for more than 30 days	32.1.6	3,917,936
Other Liabilities	As classified under the generally accepted accounting principles (including trade payable overdue for more than 30 days)	32.1.7	268,354,309
Sub-total			272,272,245
Net Capital Balance as at June 30, 2022			26,657,805
APPORTIONMENT			
Allocation of Pakistan Stock Exchange Limited			26,657,805
Notes to the Net Capital are as follows:			
32.1.1 Cash and Bank Balances			
Cash in hand			-
Bank Balances pertaining to brokerage house - Current Account			9,586,116
Bank Balances pertaining to client			26,498
Exposure margin deposit to NCCPL			12,586,235
			22,198,848
32.1.2 Trade Receivables			
Book value			8,638,103
Less: Overdue for more than 14 days			(6,976,963)
			1,661,140

10/11/2022

2022
Rupees

32.1.3 Investment in listed Securities in the name of broker

Securities marked to market	284,489,915
Less: Pledged against BMC	(9,810,470)
	274,679,445
Less: 15% discount	(41,201,917)
	<u>233,477,528</u>

32.1.4 Investment in listed Securities held in MTS

Securities marked to market	43,614,030
Less: 15% discount	(6,542,105)
	<u>37,071,926</u>

32.1.5 Securities Purchased for Clients

Lower of overdue balance and securities held against such balance	<u>4,520,608</u>
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32.1.6 Trade Payables

Book value	9,586,116
Less: overdue for more than 30 days	(5,668,180)
	<u>3,917,936</u>

32.1.7 Other Liabilities

Creditors overdue more than 30 days	5,668,180
MTS unreleased payable	36,641,022
Running Finance from bank and accrued markup thereon	220,916,995
Other liabilities	5,128,111
	<u>268,354,309</u>

33 LIQUID CAPITAL STATEMENT

The Liquid Capital Statement as required under sub rule 6(4) of the Securities Brokers (Licensing & Operation) Regulations, 2016 and schedule III whereof is calculated as follows;

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
I. Assets				
1.1	Property & Equipment	7,863,100	100.00%	-
1.2	Intangible Assets	2,500,000	100.00%	-
1.3	Investment in Govt. Securities	-	-	-
	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-

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1.4	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	If unlisted than:			
	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%	-
1.5	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	318,293,475	54,068,832	264,224,643
	ii. If unlisted, 100% of carrying value.	-	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.	-		-
	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.	9,810,470	100.00%	-
1.6	Investment in subsidiaries	-	100.00%	-
1.7	Investment in associated companies/undertaking			
	i. If listed 20% or VaR of each securities as computed by the Securites Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/with the exchanges, clearing house or central depository or any other entity.	11,200,000	100.00%	-
1.9	Margin deposits with exchange and clearing house	12,586,235	-	12,586,235
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	2,200,850	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivables.	-	-	-

KIPAC

114	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-
115	i. Short Term Loan To Employees: Loans are secured and Due for repayment within 12 months	436,500	100.00%	-
	Receivables other than trade receivables	418,435	100.00%	-
116	Receivables from clearing house or securities exchange(s)	-	-	-
	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	100%	-
	ii. Receivable on entitlements against trading of securities in all markets including MtM gains.	-	-	-
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate of (i) value of securities held in the blocked account after applying VaR based haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut	-	-	-
	ii. Lower of net balance sheet value or value determined through adjustments.	-	-	-
	iii. In case receivables are against margin trading, 5% of the net balance sheet value.	-	5.00%	-
	iv. Net amount after deducting haircut	-	-	-
117	ii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract.	-	-	-
	iii. Net amount after deducting haircut	-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	1,073,102	-	1,073,102
	v. Balance sheet value	-	-	-
	vi. In case of other trade receivables are overdue, for 5 days or more, the aggregate of (i) the market value of securities purchased for customers and (ii) cash accounts after applying VaR based haircuts, (iii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.	4,896,318	545,251	4,351,067
	vii. 100% haircut in the case of amount receivable from related parties.	2,668,683	100.00%	-
	Cash and Bank balances			

KH346

1.18	i. Bank Balance-proprietary accounts	26,498	-	26,498
	ii. Bank balance-customer accounts	9,586,116	-	9,586,116
	iii. Cash in hand	-	-	-
1.19	Subscription money against investment in IPO/offer for sale (asset)			
1.20	Total Assets	383,559,782		291,847,660

2. Liabilities

2.1	Trade Payables			
	i. Payable to exchanges and clearing house		-	-
	ii. Payable against leveraged market products	36,641,022	-	36,641,022
	iii. Payable to customers	9,586,116	-	9,586,116
2.2	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	5,041,247	-	5,041,247
	iii. Short-term borrowings	212,696,714	-	212,696,714
	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	86,864	-	86,864
	ix. Other liabilities as per accounting principles and included in the financial statements	8,220,281	-	8,220,281
2.3	Non-Current Liabilities			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease			
	b. Other long-term financing			
	ii. Staff retirement benefits	-	-	-
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained			
	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	Subordinated Loans	-	-	-

hpa

2.4	<p>i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted;</p> <p>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:</p> <p>a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period</p> <p>b. No haircut will be allowed against short term portion which is repayable within next 12 months.</p> <p>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.</p>	49,300,000	-	-
	ii. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.5	Total Liabilities	321,572,245		272,272,245

3. Ranking Liabilities Relating to :

3.1	Concentration in Margin Financing			
	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
3.2	Concentration in securities lending and borrowing			
	<p>The amount by which the aggregate of:</p> <p>(i) Amount deposited by the borrower with NCCPL</p> <p>(ii) Cash margins paid and</p> <p>(iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed</p>	-	-	-
3.3	Net underwriting Commitments			
	<p>(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price;</p> <p>the aggregate of:</p> <p>(i) the 50% of Haircut multiplied by the underwriting commitments and</p> <p>(ii) the value by which the underwriting commitments exceeds the market price of the securities.</p> <p>In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting</p>	-	-	-

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	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
	Negative equity of subsidiary			
3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
	Foreign exchange agreements and foreign			
3.5	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
	Repo adjustment			
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securites. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
	Concentrated proprietary positions			
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position,then 10% of the value of such security	-	-	-
	Opening Positions in futures and options			
3.9	i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts	-	-	-
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
	Short selll positions			

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3.10	i. Increase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. Increase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Ranking Liabilities	-	-	-
		61,987,537	Liquid Capital	19,575,415

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.19)	291,847,660
(ii) Less: Adjusted value of liabilities (serial number 2.5)	(272,272,245)
(iii) Less: Total ranking liabilities (series number 3.11)	-
	19,575,415

34 RELATED PARTY TRANSACTION

The related parties comprised associate undertakings and sponsors. The Company continues to have a policy whereby all transactions with related parties undertakings are entered into at commercial terms and conditions. Details of transaction with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Relationship	Purpose	Note	2022 Amount	2021 Amount
Chief Executive & Sponsor	Loan received	5	10,000,000	-
Sponsor	Tradee's shares in brokerage		1,454,574	2,357,693
Chief Executive, Director & employees	Commission Income		592,070	4,574,237

35 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS

	Chief Executive		Executive	
	2022	2021	2022	2021
Remuneration	3,000,000	3,000,000	-	600,000
Bonus	250,000	250,000	-	100,000
Tradee's shares in brokerage	-	-	1,454,574	2,357,693
	3,250,000	3,250,000	1,454,574	3,057,693
Number of persons	1	1	1	1

Handwritten signature/initials

	Director	
	2022	2021
Remuneration	4,920,000	2,550,000
Bonus	410,000	125,000
Tradee's shares in brokerage	355,979	2,385,091
	5,685,979	5,060,091
Number of persons	2	1

In addition to above the Chief Executive and Director is allowed company maintained car for business and personnel use.

36	NO OF EMPLOYESS	2022	2021
	As on reporting date	15	16
	Average during the year	15	16

The Company has yet to formulate employees retirement benefit policy which is underway.


37 **DATE OF AUTHORIZATION FOR ISSUE**

The financial statements were authorized for issue by the Board of Directors on October 05, 2022.

38 **GENERAL**

Figures have been rounded off to the nearest rupee.

10/11/22


Chief Executive


Director

Directors Report

Your Directors are pleased to welcome you at the Annual General Meeting and present Annual Audited Financial statements for the year ended **30-June-2022**. During the year, company's business faces the loss due to uncertainty in country's situation and Equity market as well, due to this company faces capital Loss.

<u>Financial Results</u>	<u>(Rupees)</u>
Profit/ (Loss) after taxation	<u>(123,858,573)</u>
Fair Value Loss on recognition of Investment Loss	
& on disposal of investment through Comprehensive Income	<u>(15,408,460)</u>
Brought forward Profit	<u>61,254,569</u>
Loss carried forward	<u>(78,012,464)</u>
Loss Earning Per Shares	<u>(8.85)</u>

Future Prospectus

Your directors project growth in the brokerage business of the company while making some strategic changes and are hopeful for a better economic situation in the year to come. That will enable your company to penetrate and grab its due market share.

Recommendation

In view of the business growth requiring financing no recommendations as to dividend has been proposed by the directors.

The auditor's M/s. KRESTON HYDER BHIMJI & CO., Chartered Accountants retire and being has been eligible offers the for reappointment.

We acknowledge the dedication, loyalty support of the shareholders at all the times.

For and on behalf of Board of Directors

Karachi the : **05-Oct-2022**




Aftab Sattar
 (Chief Executive)


Shumail Ahmed
 (Director)