



**STANDARD CAPITAL SECURITIES
(PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Suite No. 1601, 16th Floor, Kashif Centre, Shahrah-e-Faişal Karachi Phone: 92-21-35640050 - 52
Website: www.krestonhb.com E-mail: hyderbhimji@krestonhbco.com info@krestonhbco.com

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**STANDARD CAPITAL SECURITIES
(PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Independent Auditors' Report

To the members of Standard Capital Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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, 2021 and of the profit, 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.

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.

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.

- 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: 04 OCT 2021



Standard Capital Securities (Private) Limited

Statement of Financial Position

As at June 30, 2021

	Note	2021	2020
-----Rupees-----			
ASSETS			
Non-Current assets			
Property, Plant and Equipment	4	30,726,938	15,094,482
Advance for PMEX Office	5	2,500,000	2,500,000
Intangible Assets	6	2,750,000	450,000
Long Term Investments	7	8,940,465	3,967,306
Long Term loan to employees	8	293,100	15,264,701
Long Term Deposits & Receivables	9	3,340,000	12,760,000
		48,550,503	50,036,489
Current Assets			
Trade Debts	10	170,092,793	78,224,985
Loans and Advances	11	3,415,303	425,700
Trade Deposits, Prepayments & Other Receivables	12	431,809,971	299,723,973
Short Term Investments	13	474,590,548	179,871,854
Cash and Bank Balances	14	47,039,598	21,768,718
		1,126,948,213	580,015,230
TOTAL ASSETS		1,175,498,716	630,051,719
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
20,000,000 (2020: 20,000,000) ordinary shares of Rs. 10/- each		200,000,000	200,000,000
Issued, Subscribed and Paid-up Capital	15	117,800,000	112,800,000
Reserves and Unappropriated Profit		254,050,460	42,877,497
		371,850,460	155,677,497
Loan from director & sponsor - Equity Contribution	16	70,000,000	60,000,000
		441,850,460	215,677,497
NON - CURRENT LIABILITIES			
Lease Liability	17	2,406,775	-
CURRENT LIABILITIES			
Trade and Other Payables	18	617,894,871	336,568,367
Accrued Markup	19	1,145,348	197,362
Current portion of Lease liability		493,225	-
Short Term Borrowings -secured	20	99,623,550	68,742,513
Provision for Taxation - net of payments		12,084,487	8,865,980
		731,241,481	414,374,222
Contingencies and commitments	21	-	-
		1,175,498,716	630,051,719

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



Chief Executive


Director

Standard Capital Securities (Private) Limited
Statement of Profit or Loss
And Other Comprehensive Income
For The Year Ended June 30, 2021

	Note	2021	2020
		-----Rupees-----	
Operating Revenues	22	172,003,080	82,620,892
Unrealized gain on re-measurment of listed shares		50,365,944	-
Capital Gain / (Loss) on Listed shares		82,050,722	35,168,871
		304,419,746	117,789,763
Administrative Expenses	23	96,462,338	45,190,427
Other Operating Expenses	24	76,000	11,009,446
Finance cost	25	6,832,268	3,232,119
		103,370,606	59,431,992
		201,049,140	58,357,771
Other Income	26	10,956,777	1,328
Profit /(Loss) before taxation		212,005,917	58,359,099
Provision for taxation	27	(20,725,601)	(17,801,960)
Profit after taxation		191,280,316	40,557,139
<u>Other Comprehensive Income:</u>			
Gain / (Loss) on remeasurement of investments at fair value through comprehensive income		19,892,647	(4,969,154)
		19,892,647	(4,969,154)
Total Comprehensive income		211,172,963	35,587,985
			Restated
Earning Per Share - Basic and diluted		17.93	3.02

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


Chief Executive


Director

Standard Capital Securities (Private) Limited
Statement of Changes in Equity
For The Year Ended June 30, 2021

	Issued, Subscribed and Paid up Capital	Unappropriated Profit	Fair value gain on investment at fair value through comprehensive income	Loan from director & sponsor - Equity Contribution	Total
	-----Rupees-----				
Balance as at July 01, 2019	112,800,000	(13,548,876)	20,838,388	64,201,509	184,291,021
Loan received during the year	-	-	-	10,798,491	10,798,491
Transferred to Current maturity	-	-	-	(15,000,000)	(15,000,000)
	-	-	-	(4,201,509)	(4,201,509)
Total Comprehensive Income for the year	-	40,557,139	(4,969,154)	-	35,587,985
	-	40,557,139	(4,969,154)	-	35,587,985
Balance as at June 30, 2020	112,800,000	27,008,263	15,869,234	60,000,000	215,677,497
Shares issued during the year	5,000,000	-	-	-	5,000,000
Loan received during the year	-	-	-	10,000,000	10,000,000
Transferred to Current maturity	-	-	-	-	-
	-	-	-	10,000,000	10,000,000
Total Comprehensive Income for the year	-	191,280,316	19,892,647	-	211,172,963
	-	191,280,316	19,892,647	-	211,172,963
Balance as at June 30, 2021	117,800,000	218,288,579	35,761,881	70,000,000	441,850,460

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


Chief Executive


Director

Standard Capital Securities (Private) Limited
Statement of Cash Flows
For The Year Ended June 30, 2021

	Note	2021	2020
-----Rupees-----			
Cash flows From Operating activities			
Cash flow from operations	28	221,501,935	126,390,884
Finance cost paid		(5,884,282)	(3,552,538)
Income tax Paid		(17,507,093)	(6,787,653)
(Increase) in long term loan to employees		14,971,601	(10,504,488)
Decrease in Long term deposits		9,420,000	(7,400,000)
Net Cash (used in) /generated from operating activities		222,502,161	98,146,205
Cash flows From Investing Activities			
Additions to Property , Plant and Equipment		(19,479,056)	-
Sale proceed from disposal of property, plant & equipment		2,900,000	-
(Increase) / decrease in Short term investments - net		(229,433,262)	(124,165,000)
Net Cash (used in)/generated from investing activities		(246,012,318)	(124,165,000)
Cash flows From Financing Activities			
Loan from directors - net		10,000,000	(4,201,509)
Share issued during the year		5,000,000	-
Increase in Lease Liability		2,900,000	-
Net Cash (used in)/generated from Financing Activities		17,900,000	(4,201,509)
Net increase / (decrease) in cash and cash equivalents		(5,610,157)	(30,220,304)
Cash and cash equivalent at beginning		(46,973,795)	(16,753,491)
Cash and cash equivalent at end	29	(52,583,952)	(46,973,795)

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


Chief Executive


Director

Standard Capital Securities (Private) Limited

Notes to the Financial Statements

For The Year Ended June 30, 2021

1 The Company and its operation

The company was incorporated under the Companies Ordinance, 1984 on 17th October, 1998 as a Private Limited Company. The name of the company was changed on April 5, 2006 as Standard Capital Securities (Private) Limited. The company is principally engaged in the business of equity brokerage, equity research and corporate finance advisory. The company has also acquired membership of the National Commodity Exchange Limited. The registered office of the company is situated at office number 909, 9th floor, Business & Finance Center, Karachi.

2 BASIS OF PREPARATION

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except otherwise specifically stated.

2.2 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.

2.3 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 2020 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.

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company.

2.5 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.

Judgments made by management that have significant effect on the financial statements and estimates with significant probability of material adjustment in future are disclosed hereunder:

- (a) Recognition of taxation and deferred taxation (note 3.6);
- (b) Determining the residual values and useful lives of property and equipment (note 3.1);
- (c) Impairment of financial assets (note 3.16); and
- (d) Classification of Investments (note 3.4).

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2.6 Basis of preparation

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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 asset is written off over its estimated useful life at rates given in note no. 4. Depreciation on addition is charged from the period the asset is available for use up to the period prior to its disposal.

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 recognized as income or loss in the year of disposal.

3.2 Capital work in Progress:

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

3.3 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 balance sheet date. Amortization on addition is charged from the period the intangible asset is available for use up to the period prior to its disposal.

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.

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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.

3.4 Investments

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 profit or loss.

3.5 Trade debts

Trade debts originated by the company are recognized and carried at original invoice 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.

3.6 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.

3.7 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 good and services.

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3.8 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.

3.9 Financial instruments

Initial measurement of financial asset

The Company classifies its financial assets in to 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.

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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.

3.10 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 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 profit or loss.

3.11 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.

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3.12 Offsetting of financial assets and liabilities

All financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.13 Borrowings

Borrowings are recorded at the amount of proceeds received.

3.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.15 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and conditions.

3.16 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 value in use.

3.17 Revenue recognition

- a) Brokerage, commission, consultancy fees and other income are recognized as and when services are provided.
- b) Dividend income is recognized when right to receive is established.
- c) 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.
- d) Income from cash exposure margin, web access fees, IPOs/SPOs and profit on debt is accrued.

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	Note	2021	2020
-----Rupees-----			
4 Property, Plant and Equipment			
Operating Fixed assets	4.1	22,591,613	15,094,482
Capital work in progress	4.2	8,135,325	-
		<u>30,726,938</u>	<u>15,094,482</u>

4.1 OPERATING FIXED ASSETS

	2021						Total
	Office premises	Furniture and fittings	Computers	Office Equipment	Vehicles - Owned	Vehicles - Leased	
----- Rupees -----							
Net Carrying value basis as at June 30, 2021							
Opening net book value	13,454,461	46,029	210,514	245,809	1,137,668	-	15,094,482
Addition (at Cost)	-	-	-	-	8,443,731	2,900,000	11,343,731
Disposal at NBV	-	-	-	-	(2,976,000)	-	(2,976,000)
Depreciation charge	(299,854)	(4,603)	(63,154)	(24,581)	(430,075)	(48,333)	(870,600)
Closing net book value	<u>13,154,607</u>	<u>41,426</u>	<u>147,360</u>	<u>221,228</u>	<u>6,175,325</u>	<u>2,851,667</u>	<u>22,591,613</u>
Gross Carrying value basis as at June 30, 2021							
Cost	18,910,250	118,810	12,279,022	776,350	9,814,781	2,900,000	44,799,213
Accumulated depreciation	(5,755,643)	(77,384)	(12,131,662)	(555,122)	(3,639,456)	(48,333)	(22,207,600)
Net book value	<u>13,154,607</u>	<u>41,426</u>	<u>147,360</u>	<u>221,228</u>	<u>6,175,325</u>	<u>2,851,667</u>	<u>22,591,613</u>
Depreciation rate % per annum	5%	10%	30%	10%	20%	20%	

	2020						Total
	Office premises	Furniture and fittings	Computers	Office Equipment	Vehicles		
----- Rupees -----							
Net Carrying value basis as at June 30, 2020							
Opening net book value	14,162,591	51,143	300,734	273,121	1,435,651	-	16,223,241
Addition (at Cost)	-	-	-	-	-	-	-
Disposal at NBV	-	-	-	-	(13,566)	-	(13,566)
Depreciation charge	(708,130)	(5,114)	(90,220)	(27,312)	(284,417)	-	(1,115,193)
Closing net book value	<u>13,454,461</u>	<u>46,029</u>	<u>210,514</u>	<u>245,809</u>	<u>1,137,668</u>		<u>15,094,482</u>
Gross Carrying value basis as at June 30, 2020							
Cost	18,910,250	118,810	12,279,022	776,350	4,347,050	-	36,431,482
Accumulated depreciation	(5,455,789)	(72,781)	(12,068,508)	(530,541)	(3,209,382)	-	(21,337,000)
Net book value	<u>13,454,461</u>	<u>46,029</u>	<u>210,514</u>	<u>245,809</u>	<u>1,137,668</u>		<u>15,094,482</u>
Depreciation rate % per annum	5%	10%	30%	10%	20%		

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	Note	2021 -----Rupees-----	2020
4.2 CAPITAL WORK IN PROGRESS			
Advance for purchase of office	4.2.1	<u>8,135,325</u>	<u>-</u>
4.2.1 This represents advance / booking money for purchase of under construction office building bearing office nos. 21, 20, 50 and 19A situated at Clifton Icon Tower, Clifton Karachi.			
5 ADVANCE FOR OFFICE WITH PMEX			
PMEX (advance for office)		<u>2,500,000</u>	<u>2,500,000</u>
		<u>2,500,000</u>	<u>2,500,000</u>
6 INTANGIBLE ASSETS			
Membership Entitlements			
Pakistan Stock Exchange Limited TREC	6.1 & 7.1	<u>14,000,000</u>	<u>14,000,000</u>
Less: Impairment loss		<u>(11,500,000)</u>	<u>(13,800,000)</u>
		<u>2,500,000</u>	<u>200,000</u>
Pakistan Mercantile Exchange Limited		<u>250,000</u>	<u>250,000</u>
		<u>2,750,000</u>	<u>450,000</u>
6.1 Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) has been demutualized and in terms whereof it's members have been allowed in exchange of membership, "Trading Right Entitlement Certificate (TREC)" along with shareholding in Pakistan Stock Exchange Ltd The Company has recorded the value of membership in the PSX at Rs.14 Million as Intangibles while Pakistan Stock Exchange vide letter no: KSE/SECP-2013/1 have indicated notional value whereof at Rs. 15 Million. Fair value of the TREC has been re-evaluated and impairment loss being difference of present bid price of TREC at that time and recorded value has been provided for and the amount has been updated during the year.			
7 Long Term Investments			
Fair value through comprehensive income			
400,738 (2020: 400,738) Shares			
Pakistan Stock Exchange Limited	6.1 & 7.1	<u>3,967,306</u>	<u>5,209,594</u>
Less: Remeasurement loss		<u>4,973,159</u>	<u>(1,242,288)</u>
		<u>8,940,465</u>	<u>3,967,306</u>
7.1 This represents face value of ordinary shares allotted by Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) in lieu of membership of the KSE works out at Rs.40.074 Million, while the recorded value of the membership card as Intangible asset was Rs. 14 Million, however the company recorded face value of the shares allotted and classified as available for sale and followed the re-measurement method upon initiation of active market for these shares.			
8 LONG TERM LOAN - Interest free, unsecured			
To Chief Executive & Director	8.1	<u>-</u>	<u>11,323,501</u>
To Executives		<u>-</u>	<u>3,950,000</u>
To other employees		<u>645,400</u>	<u>416,900</u>
		<u>645,400</u>	<u>15,690,401</u>
Amount due in twelve months shown under current assets		<u>352,300</u>	<u>425,700</u>
		<u>293,100</u>	<u>15,264,701</u>

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	Note	2021 -----Rupees-----	2020
8.1 Movement in loan to Chief Executive and Director			
Opening Balance		11,323,501	1,063,213
Disbursed during the year		1,359,285	10,805,597
Recovered during the year		(12,682,786)	(545,309)
		<u>-</u>	<u>11,323,501</u>

8.2 The above loans are given under the terms of employment.

8.3 Interest free long term loans have been carried out at cost as the effect of carrying these balances at amortised cost is insignificant.

9 LONG TERM DEPOSITS & RECEIVABLES

Trade Deposits

Deposit with Pakistan Stock Exchange Ltd		10,000	10,000
Deposit with CDC Pakistan Ltd		100,000	100,000
Deposit with National Commodity Exchange Ltd		750,000	750,000
Deposit with National Clearing Company of Pak Ltd		1,400,000	1,400,000
Base Minimum Capital - PSX		-	10,000,000
PMEX Clearing deposit		500,000	500,000
Lease Deposits Money		580,000	-
		<u>3,340,000</u>	<u>12,760,000</u>

10 TRADE DEBTS

Unsecured

Considered Good	10.1, 10.2 & 10.3	89,602,286	63,381,968
Margin Finance		80,490,507	14,843,017
Considered Doubtful		-	7,433,605
		<u>170,092,793</u>	<u>85,658,590</u>
Provision for expected credit losses	10.4	-	(7,433,605)
		<u>170,092,793</u>	<u>78,224,985</u>

10.1 This includes amount of Rs.1,272,409 and Rs. 219,266 (2020: Rs.29,110,259 and Rs. 217,416) receivable from Chief Executive and Director respectively against trading exposures.

10.2 The maximum aggregate month end balance due from related parties during the year was Rs. 28,221,946 (2020: Rs.31,136,349).

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

Party Name	0 to 30 Days	31 to 180 days	More than 181 days	Total as at June 2021
Naushad Haroon Chamdia - CEO	1,065,518	206,891	-	1,272,409
Waqar Ahsan - Director	19,746	37,543	161,977	219,266

Party Name	0 to 30 Days	31 to 180 days	More than 181 days	Total as at June 2020
Naushad Haroon Chamdia - CEO	1,600,578	16,748,095	10,761,585	29,110,259
Waqar Ahsan - Director	1,568	215,849	-	217,416

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Note 2021
-----Rupees-----
2020

10.4 Expected Credit losses

Opening	7,433,605	1,837,764
Provided during the year	-	5,595,841
Reversal during the year	(7,433,605)	-
Closing	-	7,433,605

10.5 Aging analysis of amount due from customers

Not exceeding 5 days from trade date	73,747,365	8,109,315
Exceeding 5 days but not exceeding 14 days	58,654,131	14,447,334
	132,401,496	22,556,649
Exceeding 14 days against which listed securities held	28,137,380	21,220,527
Value after Hair cut applied on the basis of VAR	23,409,129	17,690,171

11 LOANS AND ADVANCES-Considered good

Loan to Director	3,063,003	-
Loan and advance to employees due in next twelve months	352,300	425,700
	3,415,303	425,700

11.1

11.1 The above loans are given under the terms of employment.

12 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

With NCCPL

Ready Exposure - Client A/c	157,076,807	182,445,386
Future Exposure - Client A/c	76,188,178	59,074,102
Ready Exposure - Brokerage A/c	45,500,000	34,000,000
Future Exposure - Brokerage A/c	20,700,000	3,000,000
SLB Market Exposure	50,000	50,000
MTS Cash Exposure	104,500,000	18,000,000
MF Cash Exposure	1,300,000	1,300,000
MTS loss concentration margin	22,149,761	1,035,311
Future (Balance retained against future contract)	3,771,146	546,305
Stock Index Future	50,000	50,000
Receivable From NCCPL	-	115,110

Other deposits and prepayments

Others	375,936	5,000
Prepaid Insurance Premium	148,143	102,759
	431,809,971	299,723,973

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	Note	2021 -----Rupees-----	2020
13 SHORT TERM INVESTMENTS			
<u>Fair value through profit or loss</u>			
In Listed Shares	13.1	443,831,631	167,969,925
Shares subscription Pakistan Aluminium Beverage Cans Ltd		3,937,500	-
In Mutual funds	13.2	-	-
		<u>447,769,131</u>	<u>167,969,925</u>
<u>Fair value through other comprehensive income</u>			
Pakistan Stock Exchange Limited			
1,202,215 (2020: 1,202,215) Shares	7.1	11,901,929	15,628,795
Remeasurement gain / (loss)		14,919,488	(3,726,866)
		<u>26,821,417</u>	<u>11,901,929</u>
		<u>474,590,548</u>	<u>179,871,854</u>
13.1 In Listed Shares			
Cost of Investments including MTS.		393,465,687	172,178,962
Remeasurement Gain / (Loss)		50,365,944	(4,209,037)
Net Carrying Values being market values		<u>443,831,631</u>	<u>167,969,925</u>
13.2 In Mutual Funds			
Cost of Investments in Dawood Family Takaful		3,000,000	3,000,000
Less: Impairment loss		(3,000,000)	(3,000,000)
Net Carrying Values being Net Asset values		<u>-</u>	<u>-</u>
Value of shares held in CDC		<u>5,161,183,186</u>	<u>2,922,233,222</u>
Value of shares under pledge		<u>397,384,470</u>	<u>199,687,444</u>
14 CASH AND BANK BALANCES			
Cash in hand		9,514	9,788
Cash at bank - Balances Commodities Trading		118,358	1,126,343
Cash at bank in current accounts		6,376,647	2,293,601
Cash at bank - Client accounts balances		40,535,079	18,338,986
		<u>47,030,084</u>	<u>21,758,930</u>
		<u>47,039,598</u>	<u>21,768,718</u>
15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
		2021	2020
		11,780,000	11,280,000
Ordinary Shares of Rs. 10 each			
allotted for consideration paid in cash		<u>117,800,000</u>	<u>112,800,000</u>

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Pattern of shareholding	% of Holding	No of shares	
Name of share holders			
Mr. Haroon Chamdia	12.00%	1,413,078	1,353,100
Mrs. Feroza Haroon	14.00%	1,649,200	1,579,200
Mr. Naushad Chamdia	48.80%	5,749,016	5,505,000
Mrs. Shazia Mustafa	12.00%	1,413,600	1,353,600
Mr. Navid Chamdia	12.00%	1,413,600	1,353,600
Others shareholding Less than 5%	1.20%	141,506	135,500
	<u>100.00%</u>	<u>11,780,000</u>	<u>11,280,000</u>

16 LOAN FROM DIRECTOR & SPONSOR - EQUITY CONTRIBUTION

Loan From Director & Sponsor - Unsecured, interest free	<u>70,000,000</u>	<u>60,000,000</u>
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- 16.1 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 Opinions of ICAP.

17 LEASE LIABILITY

Balance at the beginning of the year	-	-
Lease obtained during the year	2,900,000	-
Repayments during the year	-	-
	<u>2,900,000</u>	<u>-</u>
Less: Current portion shown under current liabilities	(493,225)	-
	<u>2,406,775</u>	<u>-</u>

- 17.1 The amounts of future payments for the lease and the period of their maturity is as follows:

	Minimum Lease Payments (MLP)	Financial Charges	Present value of MLP
Rentals due within one year	712,511	219,286	493,225
Rentals due after one year but within four years	2,136,068	309,293	1,826,775
Balance as at June 30, 2021	<u>2,848,579</u>	<u>528,579</u>	<u>2,320,000</u>

The Company has entered into direct lease agreement for an amount of Rs. 2,320 thousand with a grace period of six months with Js Bank Limited. Lease rentals are payable in 48 months on monthly basis started from July 2021. The Company has option to purchase the assets upon expiry of the lease term by making payment of residual value by way of adjustment of security deposit and intends to opt such option. Minimum lease payments have been discounted using rates linked with KIBOR ranging between 10.15% being rates implicit in the lease.

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	Note	2021 -----Rupees-----	2020
18 TRADE AND OTHER PAYABLES			
Creditors for sale of shares on behalf of clients		377,722,175	277,817,733
Accrued Expenses	18.1	36,478,464	9,518,119
Current portion of loan from sponsor and director		-	15,000,000
MTS unreleased payable		200,203,722	32,781,794
Other liabilities	18.2	3,490,510	1,450,721
		<u>617,894,871</u>	<u>336,568,367</u>

18.1 This includes Rs.102,460 and Rs. 718,711 (2020: Rs. 1,379,699 and Rs. 21,686) payable to Chief Executive and Director respectively.

18.2 Other Liabilities

Withholding Income Tax	7,819	4,564
CDC Pakistan -Charges payable	406,517	203,795
NCCPL - Charges payable	626,809	250,263
Capital gain fee payable to NCCPL	12,371	-
Sindh Sales Tax on Services payable	2,436,994	992,099
	<u>3,490,510</u>	<u>1,450,721</u>

19 ACCRUED MARKUP

Accrued mark-up on running finance from bank- secured	<u>1,145,348</u>	<u>197,362</u>
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20 SHORT TERM BORROWINGS -Secured

Running finance from bank	20.1	<u>99,623,550</u>	<u>68,742,513</u>
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20.1 The facilities for running finance available from **various** commercial banks aggregating to Rs. 300 (2020: Rs. 200) million and carry mark-up at the rate 1 month Kibor + 2% spread depending upon timely markup payment (2020: 1 month Kibor + 2%) per annum calculated on daily product basis payable quarterly. These arrangements are secured against pledge/hypothecation of marketable securities, movable assets and personal guarantee of all the directors and collaterally secured by charge on immoveable property of the director.

Value of shares under pledge with lending banks - House account	<u>61,886,551</u>	<u>66,894,495</u>
Value of shares under pledge with lending banks - CEO & sponsor	<u>183,429,396</u>	<u>96,468,988</u>

21 Contingencies and Commitments

21.1 Guarantee

The Company has furnished as exposure to National Clearing Company of Pakistan Limited bank guarantee issued by JS Bank Limited upto Rs. 15 million (2020: Rs.15 million) which is secured by equitable mortgage of Company's property and personal guarantee of two director/sponsors.

21.2 Contract for Capital Expenditure/Other Commitments

The Capital expenditure in respect of Clifton Icon is Rs. 12.135 million outstanding at the reporting date.

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22 OPERATING REVENUES

Gross Brokerage Revenue - Securites Trading	22.1	232,621,134	80,748,268
Return on cash exposure / RMS / MTS / BMC margin		18,128,977	17,305,529
Return on Margin Financing		7,937,035	785,608
		258,687,146	98,839,405
Less: Tradee's shares in brokerage		(93,284,567)	(20,889,663)
		165,402,579	77,949,742
Dividend income		6,600,501	4,671,150
		172,003,080	82,620,892

22.1 Brokerage revenue:

From Proprietary trades		8,445,061	6,729,137
From Retail customers		214,132,887	67,756,427
From Institutional customers		10,043,186	6,262,704
		232,621,134	80,748,268

23 ADMINISTRATIVE AND OPERATING EXPENSES

Salaries and benefits		58,860,053	27,706,637
Fees and subscription		17,872,350	6,217,495
Communication		2,898,652	2,338,873
Utilities		1,663,332	1,125,924
Office and Computers repairs and maintenance		3,571,319	1,253,889
Vehicle running expenses		118,759	108,370
Printing and stationery		320,095	235,849
Office equipment and software maintenance		3,389,650	1,483,191
Rent, rates and taxes		1,558,139	475,431
Insurance		170,617	187,829
Legal and professional charges		1,539,136	1,391,826
Traveling and conveyance		750,000	513,500
Entertainment		629,541	391,756
Depreciation	4	870,600	1,115,193
Postage & Courier		55,552	73,832
Auditors' Remuneration-Audit Fee		190,000	125,000
Advertisement Expenses		704,250	-
Miscellaneous Expenses		1,300,293	445,832
		96,462,338	45,190,427

24 OTHER OPERATING EXPENSES

Unrealized loss on remeasurement of listed shares	13.1	-	4,209,037
Expected credit lossess		-	5,595,841
Workers Welfare Fund		-	1,191,002
Loss on disposal of property, plant & equipment		76,000	13,566
		76,000	11,009,446

25 FINANCE COST

Mark-up on short term running finance from bank		6,376,219	2,878,639
Bank charges and commission		456,049	353,480
		6,832,268	3,232,119

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2021 2020
----- Rupees-----

26 OTHER INCOME

Markup income	-	1,315
Reversal of expected credit loss	7,433,605	-
Reversal of impairment in intangible assets	2,300,000	-
Other Income	758,620	-
Income from new subscription	464,552	13
	<u>10,956,777</u>	<u>1,328</u>

27 TAXATION

Current - for the year		26,285,449	17,801,960
Prior year		(5,559,848)	-
Deferred-(Reversal)/Charge	27.1	-	-
		<u>20,725,601</u>	<u>17,801,960</u>

27.1 In view of deductible temporary differences, deferred tax asset is worked out which has not been recognized in view of remote possibility of realization.

28 Cash flows From Operation activities

Profit before taxation		212,005,917	58,359,099
Adjustments for non - cash charges and other items			
Depreciation		870,600	1,115,193
Unrealized remeasurement loss / (Gain) on investments		(50,365,944)	4,209,037
Expected credit loss (reversal) / expense		(7,433,605)	5,595,841
Loss on disposal of property, plant & equipment		76,000	13,566
Reversal of impairment in intangible assets		(2,300,000)	-
Finance cost		6,832,268	3,232,119
		<u>(52,320,681)</u>	<u>14,165,756</u>
Operating loss before working capital changes		159,685,236	72,524,855
Changes in working capital			
Trade debts		(84,434,203)	(10,775,205)
Loans and advances		(2,989,603)	376,200
Trade deposits, prepayments & other receivables		(132,085,998)	(120,794,900)
		<u>(219,509,804)</u>	<u>(131,193,905)</u>
Increase /(Decrease) in Current liabilities			
Trade and other payables		281,326,504	185,059,934
		<u>221,501,935</u>	<u>126,390,884</u>

29 CASH AND CASH EQUIVALENTS

Cash and bank balances		47,039,598	21,768,718
Short term borrowings		(99,623,550)	(68,742,513)
		<u>(52,583,952)</u>	<u>(46,973,795)</u>

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30 FINANCIAL INSTRUMENTS BY CATEGORY

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

	2021						Total
	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							
Investments	-	-	-	474,590,548	8,940,465	483,531,013	483,531,013
Trade deposits & other receivables	427,464,746	-	427,464,746	4,197,082	3,340,000	7,537,082	435,001,828
Loan to employees	-	-	-	3,415,303	293,100	3,708,403	3,708,403
Trade Debts	-	-	-	170,092,793	-	170,092,793	170,092,793
Bank Balances	-	-	-	47,030,084	-	47,030,084	47,030,084
	427,464,746	-	427,464,746	699,325,810	12,573,565	711,899,375	1,139,364,121
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	617,894,871	-	617,894,871	617,894,871
Short-term borrowing	99,623,550	-	99,623,550	-	-	-	99,623,550
Accrued Markup	-	-	-	1,145,348	-	1,145,348	1,145,348
	99,623,550	-	99,623,550	619,040,219	-	619,040,219	718,663,769
Bank Guarantee	15,000,000	-	15,000,000	-	-	-	15,000,000
2020							
	2020						Total
	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							
Investments	-	-	-	179,871,854	3,967,306	183,839,160	183,839,160
Trade deposits & other receivables	298,904,799	-	298,904,799	716,415	12,760,000	13,476,415	312,381,214
Trade Debts	-	-	-	78,224,985	-	78,224,985	78,224,985
Loans to employees	-	-	-	425,700	15,264,701	15,690,401	15,690,401
Bank Balances	-	-	-	21,758,930	-	21,758,930	21,758,930
	298,904,799	-	298,904,799	280,997,884	31,992,007	312,989,891	611,894,690
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	336,568,367	-	336,568,367	336,568,367
Short-term borrowing	68,742,513	-	68,742,513	-	-	-	68,742,513
Accrued Markup	-	-	-	197,362	-	197,362	197,362
	68,742,513	-	68,742,513	336,765,729	-	336,765,729	405,508,242
Bank Guarantee	15,000,000	-	15,000,000	-	-	-	15,000,000

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.

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31 FINANCIAL INSTRUMENTS

31.1 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:

	2021	2020
	Rupees	
Long term investments	8,940,465	3,967,306
Long Term deposits	3,340,000	12,760,000
Long term loan	293,100	15,264,701
Trade Debts	170,092,793	78,224,985
Short term investments	474,590,548	179,871,854
Loans and advances	3,415,303	425,700
Trade deposits	431,661,828	299,621,214
Bank Balances	47,030,084	21,758,930
	<u>1,139,364,121</u>	<u>611,894,690</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/PMEX 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.

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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.

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;

	2021	2020
	Rupees	
Short term borrowings	99,623,550	68,742,513
	<u>99,623,550</u>	<u>68,742,513</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 before tax for the year by Rs. 996,236 (2020: Rs. 687,425). 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. The Company is also exposed to commodity 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.

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	2021	2020
Effect on profit and investment	<u>44,776,913</u>	<u>16,796,993</u>
Effect on Comprehensive income and investment	<u>3,576,188</u>	<u>1,586,924</u>

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

31.2 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;

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 in level 1 and does not expect that unobservable inputs may have significant effect on fair values.

32 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.

The Company finance its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. In order to maintain or adjust capital structure, the company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt. Consistent with others in industry , the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of shareholders.

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

	2021	2020
	Rupees	
Total interest bearing borrowings	99,623,550	68,742,513
Long tem loan non interest bearing	70,000,000	60,000,000
Cash and bank	(47,039,598)	(21,768,718)
Net debt / (cash)	<u>122,583,952</u>	<u>106,973,795</u>
Total equity	<u>441,850,460</u>	<u>215,677,497</u>
Total capital	<u><u>564,434,412</u></u>	<u><u>322,651,292</u></u>
Gearing ratio	<u><u>21.72%</u></u>	<u><u>33.15%</u></u>

33 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;

DESCRIPTION	VALUATION BASIS	Note	RUPEES
<u>CURRENT ASSETS</u>			
Cash and Bank Balances	As per book value	32.1.1	474,385,986
Trade Receivables	Book value less overdue for more than fourteen days	32.1.2	132,401,496
Investment in listed Securities in the name of broker	Securities on the exposure limit marked to market less 15% discount	32.1.3	165,166,443
Investment in listed Securities held in MTS	Securities on the exposure limit marked to market less 15% discount	32.1.4	206,457,393
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	28,137,380
	Sub-total		1,006,548,698

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CURRENT LIABILITIES:

Trade Payables	Book value less those overdue for more than 30 days	32.1.6	250,123,046
Other Liabilities	As classified under the generally accepted accounting principles (including trade payable overdue for more than 30 days)	32.1.7	481,118,435
Sub-total			731,241,481
Net Capital Balance as at June 30, 2021			275,307,217

APPORTIONMENT

Allocation of Pakistan Stock Exchange Limited			272,807,217
Allocation of Pakistan Mercantile Exchange Limited			2,500,000

Notes to the Net Capital are as follows:**32.1.1 Cash and Bank Balances**

Cash in hand		9,514
Bank Balances pertaining to brokerage house - Current Account		6,376,647
Bank Balances pertaining to client		40,535,079
Exposure margin deposit to NCCPL		427,464,746
		474,385,986

32.1.2 Trade Receivables

Considered Good		89,602,286
Margin Finance		80,490,507
Book value		170,092,793
Less: Overdue for more than 14 days		(37,691,297)
		132,401,496

32.1.3 Investment in listed Securities in the name of broker

Securities marked to market		194,313,462
Less: 15% discount		(29,147,019)
		165,166,443

32.1.4 Investment in listed Securities held in MTS

Securities marked to market		242,891,051
Less: 15% discount		(36,433,658)
		206,457,393

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2021
Rupees

32.1.5 Securities Purchased for Clients

Lower of overdue balance and securities held against such balance 28,137,380

32.1.6 Trade Payables

Book value 377,722,175
Less: overdue for more than 30 days (127,599,129)
250,123,046

32.1.7 Other Liabilities

Creditors overdue more than 30 days 127,599,129
MTS unreleased payable 200,203,722
Running Finance from bank and accrued markup thereon 100,768,898
Current maturity of lease liability 493,225
Other liabilities 52,053,461
481,118,435

34 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
1. Assets				
1.1	Property & Equipment	30,726,938	100.00%	-
1.2	Intangible Assets	2,750,000	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%	-
	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%	-
	If unlisted than:			

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	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%	-
	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.	437,204,513	68,492,540	368,711,973
	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.	3,937,500	-	3,937,500
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)	42,389,000	100.00%	-
1.6	Investment in subsidiaries	-	100.00%	-
	Investment in associated companies/undertaking			
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.	3,340,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	431,235,892	-	431,235,892
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	3,074,079	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-

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	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. 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	352,300		352,300
	Receivables other than trade receivables	293,100	100.00%	-
1.16	Receivables from clearing house or securities exchange(s)	-		
	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	100%	-
	ii. Receivable on entitlements against trading of securities in all markets including MtM gains.			
1.17	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>	-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>	-	5.00%	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i>			-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	71,589,419	-	71,589,419

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	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.	93,938,465	80,232,943	80,232,943
	vi. 100% haircut in the case of amount receivable from related parties.	4,564,909	100.00%	-
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	6,495,005	118,358	6,376,647
	ii. Bank balance-customer accounts	40,535,079	-	40,535,079
	iii. Cash in hand	9,514	-	9,514
1.19	Total Assets	1,172,435,713		1,002,981,267

2. Liabilities

	Trade Payables			
2.1	i. Payable to exchanges and clearing house		-	-
	ii. Payable against leveraged market products	200,203,722	-	200,203,722
	iii. Payable to customers	377,722,175	-	377,722,175
	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	39,968,974	-	39,968,974
	iii. Short-term borrowings	100,768,898	-	100,768,898
	iv. Current portion of subordinated loans	-	-	-
2.2	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	12,084,487	-	12,084,487
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	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	2,900,000	2,406,775	493,225
	b. Other long-term financing			
	ii. Staff retirement benefits	-	-	-

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2.3	<p>iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if:</p> <p>a. The existing authorized share capital allows the proposed enhanced share capital</p> <p>b. Board of Directors of the company has approved the increase in capital</p> <p>c. Relevant Regulatory approvals have been obtained</p> <p>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.</p> <p>e. Auditor is satisfied that such advance is against the increase of capital.</p>			
	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	Subordinated Loans	-	-	-
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>	70,000,000	-	-
	ii. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.5	Total Liabilities	803,648,256		731,241,481

3. Ranking Liabilities Relating to :

3.1	<p>Concentration in Margin Financing</p> <p>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.</p>	80,490,507	47,013,433	47,013,433
	Concentration in securities lending and borrowing			

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3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (li) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
Net underwriting Commitments				
3.3	(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	(b) 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 currency positions				
3.5	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurrency 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 securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
Concentrated proprietary positions				

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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 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	10,146,755	10,070,039	10,070,039
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
Short sell positions				
3.10	i. Incase 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. Incase 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 Liabilites	90,637,262	57,083,472	57,083,472
		<u>278,150,195</u>	Liquid Capital	<u>214,656,314</u>

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.19)	1,002,981,267
(ii) Less: Adjusted value of liabilities (serial number 2.5)	(731,241,481)
(iii) Less: Total ranking liabilities (series number 3.11)	(57,083,472)
	<u>214,656,314</u>

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35 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS

	Chief Executive		Director	
	Jun-21	Jun-20	Jun-21	Jun-20
Remuneration allowances	10,324,313	4,715,000	2,332,841	1,261,500
Tradee's shares in brokerage	13,448,141	3,421,178	5,488,906	2,528,870
	<u>23,772,454</u>	<u>8,136,178</u>	<u>7,821,747</u>	<u>3,790,370</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

	Executives	
	Jun-21	Jun-20
Remuneration allowances	39,054,034	6,698,876
Tradee's shares in brokerage	21,613,648	-
	<u>60,667,682</u>	<u>6,698,876</u>
Number of persons	<u>11</u>	<u>4</u>

36 NO OF EMPLOYESS

	Jun-21	Jun-20
As on reporting date	<u>43</u>	<u>30</u>
Average during the year	<u>38</u>	<u>31</u>

The Company is in the process of employees retirement benefit policy which is under the process of implementation.

37 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue by the Board of Directors on **04 OCT 2021**

38 GENERAL

Figures have been rounded off to the nearest rupee.


Chief Executive


Director

