

YASIR MAHMOOD SECURITIES (PVT) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

DIRECTORS' REPORT

On behalf of the Board of Directors, I am pleased to present the Report and the Audited Financial Statements of the company for the year ended June 30, 2021.

Market Review

The benchmark Kse-100 index rose 38 percent this year, closing at 47,356 points after adding 12,935 points. The course of recovery was initially set by entering into an IMF program and a conscious decision by the SBP to maintain its policy rates. Besides monetary policy easing and declining inflation, stable PKR parity vs-a-vis US\$ played a crucial role in Pakistan's economic recovery and stock market performance. Due to improving business conditions, investor confidence was restored which resulted in average traded volumes at the bourse more than doubling from 196 million shares in FY20 to 528 million shares in FY21.

Economic Review

By the grace of Allah. Pakistan has so far been amongst those few countries which have fared better but we must remain cautious of the risks and aware of the devastation seen in many countries, caused by the pandemic. Pakistan's economy has recovered from the effects of the corona virus epidemic, as has the rest of the world. The government's stability efforts resulted in an increase in macroeconomic statistics, with the economy growing by 3.94 percent in fiscal year 2021, compared to 0.48% in fiscal year 2020. Credit too must go to the government for the several initiatives taken in reviving an ailing economy. Public Sector Development Program (PSDP) played a key role with a historic utilization level, which is further aided by the introduction of the Pakistan Housing Scheme which will be a tailwind for GDP growth in the Fiscal year 2021. The government created the Roshan Digital account (RDA) for Pakistanis living abroad, which has brought in more than USD 1.50 billion in the current fiscal year.

Financial Results

The Company has earned an after tax profit of PKR 15.236 million compared to loss after tax of PKR 0.308 million for the comparative period last year. The Company earned operating profit of PKR 18.119 million as compared to PKR 1.868 million for the corresponding period. The financial results of the company are summarized as under:

	2021 (In Rupees)	2020 (In Rupees)
Operating Revenue	30,822,631	7,929,108
Direct Cost	4,536,052	2,174,997
Operating Expenses	18,163,523	11,743,475
Other Income	9,995,839	7,857,787
Operating Profit / (Loss)	18,118,895	1,868,423
Financial Charges	1,681,362	1,812,285
Profit / (Loss) before tax	16,437,533	56,138
Taxation	1,201,979	364,280
Profit / (Loss) for the year	15,235,554	(308,142)
EPS per Share	3.39	(0.07)

Future Prospects


We are very positive for the coming year on account of increasing traded values and higher market volumes seen in FY21. The lower interest rates are the key reason for this positive change in investor sentiment and we hope that this will continue in FY22, Insha'Allah.

Auditors

The Board of Directors has proposed reappointment of the retiring auditors, Amin Mudassar & CO. Chartered Accountants, for the financial year ending June 30, 2022.

October 05, 2021

for & on behalf of the Board


Muhammad Yasir Mahmood
(Chief Executive)

Independent Auditor's Report to the members of YASIR MAHMOOD SECURITIES (PVT.) LIMITED

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

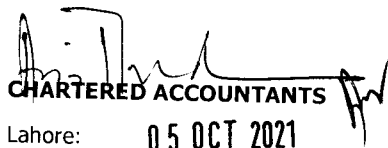
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

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

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


CHARTERED ACCOUNTANTS

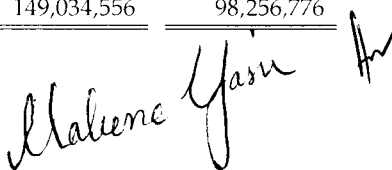
Lahore: 05 OCT 2021

YASIR MAHMOOD SECURITIES (PVT.) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	1,580,534	1,627,791
Intangible assets	5	8,698,750	8,025,000
Long term investments	6	18,109,557	17,847,956
Long term deposits	7	1,727,500	727,500
		30,116,341	28,228,247
CURRENT ASSETS			
Trade debts	8	791,427	2,564,771
Investment at fair value through profit or loss	9	32,783,610	21,131,293
Loans and advances	10	411,329	520,459
Trade deposits, short term prepayments and current account balances with statutory authorities	11	1,996,865	1,962,803
Other receivable	12	-	-
Cash and bank balances	13	82,934,984	43,849,203
		118,918,215	70,028,529
		149,034,556	98,256,776
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Share capital	14	45,001,000	45,001,000
Revenue reserve			
Unappropriated profit/(accumulated loss)		11,558,358	(3,677,196)
Capital reserve			
Fair value adjustment reserve	15	1,150,314	888,713
		57,709,672	42,212,517
NON CURRENT LIABILITIES			
Deferred taxation	16	83,781	-
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	17	615,437	244,582
Trade and other payable	18	76,573,906	44,404,174
Accrued markup		426,534	428,857
Loan from banking company	19	13,039,257	10,966,646
Provision for taxation		585,969	-
		91,241,103	56,044,259
CONTINGENCIES AND COMMITMENTS			
	20	-	-
		149,034,556	98,256,776

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


CHIEF EXECUTIVE


DIRECTOR

YASIR MAHMOOD SECURITIES (PVT.) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Brokerage and commission	21	22,964,735	8,146,913
Capital gain/(loss) on investment in listed securities		7,857,896	(217,805)
		30,822,631	7,929,108
Direct cost	22	(4,536,052)	(2,174,997)
		26,286,579	5,754,111
Operating expenses	23	(17,702,878)	(11,742,352)
Other operating expenses	24	(460,645)	(1,123)
Other income	25	9,995,839	7,857,787
		(8,167,684)	(3,885,688)
OPERATING PROFIT		18,118,895	1,868,423
Finance cost	26	(1,681,362)	(1,812,285)
PROFIT BEFORE TAXATION		16,437,533	56,138
Taxation	27	(1,201,979)	(364,280)
PROFIT/(LOSS) FOR THE YEAR		15,235,554	(308,142)
		-----R u p e e s-----	
EARNINGS PER SHARE-BASIC AND DILUTED	28	3.39	(0.07)

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


CHIEF EXECUTIVE



DIRECTOR

YASIR MAHMOOD SECURITIES (PVT.) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
Profit/(loss) for the year	15,235,554	(308,142)
Items that will not be reclassified subsequently to statement of profit or loss	-	-
Items that may be reclassified subsequently to statement of profit or loss		
Gain/(loss) on remeasurement of available for sale investment	261,601	(388,183)
Other comprehensive income/(loss) for the year	261,601	(388,183)
Total comprehensive income/(loss) for the year	<u><u>15,497,155</u></u>	<u><u>(696,325)</u></u>

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


CHIEF EXECUTIVE


DIRECTOR

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

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		16,437,533	56,138
Adjustments for non cash items:			
Depreciation	4	233,370	237,618
Amortization	5	113,750	124,167
Interest expense		1,622,353	1,752,491
Unrealized gain on re-measurement of investments	9	(4,355,022)	(55,972)
Gain on disposal of fixed asset		(243)	-
		<u>(2,385,792)</u>	<u>2,058,304</u>
Operating cash Flows Before Working capital changes		14,051,741	2,114,442
Changes in Working Capital			
(Increase) / decrease in current assets			
Accounts receivables		1,773,344	1,354,581
Loans and advances		109,130	(135,071)
Trade deposits, short term prepayments		53,640	2,293,418
Interest accrued		-	239,535
Increase / (decrease) in current liabilities			
Deposits, accrued liabilities and advances		370,855	21,506
Trade and other payable		32,136,373	(7,062,539)
		<u>34,443,342</u>	<u>(3,288,570)</u>
Cash Outflow From Operations		48,495,083	(1,174,128)
Taxes paid		(586,572)	(852,260)
Interest cost paid		(1,624,676)	(1,763,368)
		<u>(2,211,248)</u>	<u>(2,615,628)</u>
Net cash Flows From Operating Activities		46,283,835	(3,789,756)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(187,370)	(67,000)
Intangible asset purchased		(787,500)	(50,000)
Sales proceeds from disposal of fixes assets		1,500	-
Short term investments		(7,297,295)	(7,530,266)
Long term deposits		(1,000,000)	1,000,000
Net cash Flows From Investing Activities		(9,270,665)	(6,647,266)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		37,013,170	(10,437,022)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		32,882,557	43,319,579
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	69,895,727	32,882,557
A Cash and Cash Equivalents			
Short term running finance	19	(13,039,257)	(10,966,646)
Cash and bank balances	13	82,934,984	43,849,203
		<u>69,895,727</u>	<u>32,882,557</u>

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


CHIEF EXECUTIVE


DIRECTOR

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


Paid up capital	Unappropriated profit	Fair value adjustment reserve	Total
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----- (R u p e e s) -----

Balance as at June 30, 2019	45,001,000	(3,369,054)	1,276,896	42,908,842
Loss after taxation	-	(308,142)	-	(308,142)
Other comprehensive loss	-	-	(388,183)	(388,183)
Total comprehensive loss for the year	-	(308,142)	(388,183)	(696,325)
Balance as at June 30, 2020	45,001,000	(3,677,196)	888,713	42,212,517
Profit after taxation	-	15,235,554	-	15,235,554
Other comprehensive income	-	-	261,601	261,601
Total comprehensive income for the year	-	15,235,554	261,601	15,497,155
Balance as at June 30, 2021	45,001,000	11,558,358	1,150,314	57,709,672

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


 CHIEF EXECUTIVE


 DIRECTOR

YASIR MAHMOOD SECURITIES (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 COMPANY AND ITS OPERATION

- 1.1 Yasir Mahmood Securities (Private) Limited ("the Company") was incorporated on June 05, 2006 as a private limited Company under the repealed Companies Ordinance, 1984. The Company is principally engaged in the business of brokerage, financial consultancy, underwriting, portfolio management/acquisition of securities and securities research. The registered office of the Company is situated at 2nd Floor, Room # 205, 19- Khayaban-e-Aiwan-e-Iqbal, LSE Building, Lahore.

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

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 BASIS OF MEASUREMENT

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 PROPERTY AND EQUIPMENT

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

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

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

3.2 INTANGIBLE ASSETS

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

3.2.1 Membership card and offices

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

3.2.2 Computer Software

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

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

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

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortization is charged based upon straight line method. Amortization on additions is charged for the month in which an asset is acquired while no amortization is charged for the month in which an asset is disposed off

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

3.3 FINANCIAL ASSETS

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

3.3.1 Held to Maturity

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

3.3.2 At fair value through profit or loss

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

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

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

3.3.3 Available-for-sale

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

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

3.3.4 Loans and Receivables

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

3.4 FINANCIAL LIABILITIES

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

3.5 OFF-SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.6 TRADE DEBTS AND OTHER RECEIVABLES

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

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

3.7 CASH AND CASH EQUIVALENTS

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

3.8 BORROWINGS

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



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

3.9 TAXATION

Current

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

Deferred

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

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

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

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

3.10 TRADE AND OTHER PAYABLES

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

3.11 PROVISIONS

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

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

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

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

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

3.12 CONTINGENT LIABILITIES

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

3.13 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

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

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

3.14 IMPAIRMENT OF NON-FINANCIAL ASSETS


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

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

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

3.15 REVENUE RECOGNITION

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

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

3.16 BASIC AND DILUTED EARNINGS PER SHARE

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

3.17 RELATED PARTY TRANSACTIONS

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

3.18 TRADE DATE ACCOUNTING

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



4 Property and equipment

Particulars	Cost				Depreciation				W.D.V.	
	As at June 30, 2020	Additions	Deletion	As at June 30, 2021	Rate %	As at June 30, 2020	charge for the year	Adjustment	As at June 30, 2021	As at June 30, 2021
	-----Rupees-----				-----Rupees-----					
OWNED										
Computers	1,544,725	173,585	(8,000)	1,710,310	33	1,395,935	84,511	(6,743)	1,473,703	236,607
Furniture and fixtures	224,964	-	-	224,964	10	162,488	6,248	-	168,736	56,228
Office equipments	534,537	13,785	-	548,322	10	381,089	16,303	-	397,392	150,930
Electric equipments	851,076	-	-	851,076	10	476,411	37,467	-	513,878	337,198
Vehicles	1,400,000	-	-	1,400,000	10	511,588	88,841	-	600,429	799,571
	4,555,302	187,370	(8,000)	4,734,672		2,927,511	233,370	(6,743)	3,154,138	1,580,534

4.1 Property and equipment

Particulars	Cost				Depreciation				W.D.V.	
	As at June 30, 2019	Additions	Deletion	As at June 30, 2020	Rate %	As at June 30, 2019	charge for the year	Adjustment	As at June 30, 2020	As at June 30, 2020
	-----Rupees-----				-----Rupees-----					
OWNED										
Computers	1,477,725	67,000	-	1,544,725	33	1,322,651	73,284	-	1,395,935	148,790
Furniture and fixtures	224,964	-	-	224,964	10	155,546	6,942	-	162,488	62,476
Office equipment	534,537	-	-	534,537	10	364,039	17,050	-	381,089	153,448
Electric equipment	851,076	-	-	851,076	10	434,781	41,630	-	476,411	374,665
Vehicle	1,400,000	-	-	1,400,000	10	412,876	98,712	-	511,588	888,412
	4,488,302	67,000	-	4,555,302		2,689,893	237,618	-	2,927,511	1,627,791

4.2 Depreciation has been allocated as under:

	2021 Rupees	2020 Rupees
Operating expenses	233,370	237,618
	<u>233,370</u>	<u>237,618</u>

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5 INTANGIBLE ASSETS	Note	2020 Rupees	2019 Rupees
Rights of room		5,000,000	5,000,000
Trading right entitlement certificate (TREC)	5.1	2,500,000	2,500,000
Membership deposit-Royal Palm Country Club		400,000	400,000
Computer software	5.2	798,750	125,000
		<u>8,698,750</u>	<u>8,025,000</u>

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

5.2 Computer software

Particulars	Cost			Rate %	Amortization			W.D.V.
	As at June 30, 2020	Additions/ (Deletions)	As at June 30, 2021		As at June 30, 2020	charge for the year	As at June 30, 2021	As at June 30, 2021
	-----Rupees-----				-----Rupees-----			
Computer software	1,709,000	787,500	2,496,500	20%	1,584,000	113,750	1,697,750	798,750

5.2.1 Computer software

Particulars	Cost			Rate %	Amortization			W.D.V.
	As at June 30, 2019	Additions/ (Deletions)	As at June 30, 2020		As at June 30, 2019	charge for the year	As at June 30, 2020	As at June 30, 2020
	-----Rupees-----				-----Rupees-----			
Computer software	1,659,000	50,000	1,709,000	20%	1,459,833	124,167	1,584,000	125,000

5.2.2 This includes fully amortized software having cost and accumulated amortization of Rs. 1,459,000 (2020: 1,084,000).

Amortization has been allocated as under:

	Note	2021 Rupees	2020 Rupees
Operating expenses	5.2	113,750	124,167
		<u>113,750</u>	<u>124,167</u>

	Note	2021 Rupees	2020 Rupees
6 LONG TERM INVESTMENTS			
Unquoted shares of LSE Financial Services Ltd.	6.1	18,109,557	17,847,956
		<u>18,109,557</u>	<u>17,847,956</u>
6.1 Unquoted - shares of LSE Financial Services Limited:			
<i>Available for sale</i>			
Cost as at July 01,		16,959,243	16,959,243
Fair value adjustment		1,150,314	888,713
	6.2	<u>18,109,557</u>	<u>17,847,956</u>

6.2 Pursuant to the promulgation of the Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (The Act), The Lahore Stock Exchange Limited, now LSE Financial Services Limited had allotted 843,875 shares of the face value of Rs. 10 each to the TREC holder. All shares are held in freeze status in the respective CDC sub-account of the TREC holder. The divestment of the same will be made in accordance with the requirements of the Act within one year from the date of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Company has pledged 843,875 shares of LSE Financial Services Limited with the Pakistan Stock Exchange to fulfill the Base Minimum Capital requirement.

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

	Note	2021 Rupees	2020 Rupees
7 LONG TERM DEPOSITS			
Deposit with:			
National Clearing Company of Pakistan Ltd.		1,400,000	400,000
LSE Financial Services Limited		100,000	100,000
Central Depository Company Limited		100,000	100,000
Others		127,500	127,500
		<u>1,727,500</u>	<u>727,500</u>

8 Trade debts	Note	2021 Rupees	2020 Rupees
Receivable from clients on account of:			
Purchase of shares on behalf of clients		829,527	702,087
Receivables from related party	8.1	-	479
Less: Balances written off		(41,713)	
		787,814	702,566
Less: Provision for doubtful debts	8.2	(30)	(41,237)
		787,784	661,329
Brokerage commission receivable		3,643	-
National Clearing Company of Pakistan Ltd.		-	1,903,442
	8.3	791,427	2,564,771
8.1 Receivable from related party			
Mrs. Mahena Yasir-Director		-	479
8.2 Provision for doubtful debts			
Opening balance		41,237	46,554
Reversal made during the year		506	(5,317)
Less : Balances written off		(41,713)	
		30	41,237
8.3 Aging Analysis			
Upto five days		227,447	2,065,015
More than five days		563,980	499,756
		791,427	2,564,771
9 INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS			
Investment in listed securities	9.1	32,773,742	21,124,040
Investment in mutual funds	9.2	9,868	7,253
		32,783,610	21,131,293
9.1 Investment in listed companies			
Carrying value		28,421,335	21,068,068
Gain on remeasurement of fair value of investment as at June 30,		4,352,407	55,972
	9.3	32,773,742	21,124,040

9.2 Investment in mutual funds	Note	2021 Rupees	2020 Rupees
Opening balance as at 01, July		7,253	-
Transferred from long term investments	6.3	-	419,527
Investments redeemed during the year		-	(412,788)
Carrying value		<u>7,253</u>	<u>6,739</u>
Gain on re-measurement of fair value of investment as at June 30,		<u>2,615</u>	<u>514</u>
		<u>9,868</u>	<u>7,253</u>

9.3 This includes shares having carrying value of Rs. 9,492,600 (2020: Rs. 6,995,240) pledged with National Clearing Company of Pakistan Limited.

10 LOANS AND ADVANCES			
Un-secured but considered good	Note	2021 Rupees	2020 Rupees
Advances to:			
Chief Executive	10.1	27,040	16,112
Employees	10.2	<u>384,289</u>	<u>504,347</u>
		<u>411,329</u>	<u>520,459</u>

10.1 Advances to Chief Executive - Mr. Yasir Mahmood

Balance as at July 01,	16,112	-
Disbursed during the year	27,040	16,112
Repayments/adjustments made during the year	<u>(16,112)</u>	<u>-</u>
	<u>27,040</u>	<u>16,112</u>

Ageing analysis of the amounts due from related parties as follows:

Particulars	Upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2021
	-----Rupees-----			
Yasir Mahmood	<u>27,040</u>	<u>-</u>	<u>-</u>	<u>27,040</u>

The maximum aggregate amount outstanding at the month-end balance was amounting Rs. 27,040 (2020: Rs. 16,112).

This represents short term advance obtained by the chief executive of the company. As per terms of repayment of the advance, it would be settled within the next twelve months from the reporting date.

10.2 Un-secured but considered doubtful	Note	2021 Rupees	2020 Rupees
Advances to employees		515,677	504,347
Less : Provision for doubtful advances		(131,388)	-
		<u>384,289</u>	<u>504,347</u>

11 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES

Deposits with:

National Clearing Company of Pakistan Ltd.	11.1	-	50,000
Prepayments		124,984	128,624
Tax deducted at source		1,871,881	1,784,179
		<u>1,996,865</u>	<u>1,962,803</u>

11.1 This represented deposit with National Clearing Company of Pakistan Limited against exposure margin in respect of trade in ready market. The deposit in future and ready market carried profit at rates ranging from 3% to 5% (2020: 6% to 12%) per annum respectively.

12 OTHER RECIEVABLE	Note	2021 Rupees	2020 Rupees
Other receivable		1,983,000	1,983,000
Less: Provision against other receivables	12.1	(1,983,000)	(1,983,000)
		<u>-</u>	<u>-</u>

12.1 This represents provision made against balance amount due from a former employee against fraud committed by him. The Company is pursuing the matter with the police and in a court of law and is hopeful that it will be able to recover the amount. However, as a matter of prudence, the provision against balance amount receivable has been fully provided for in these financial statements.

13 CASH AND BANK BALANCES	Note	2021 Rupees	2020 Rupees
These were held as under:			
In hand		2,392	3,248
Cash at bank:			
Current Accounts			
Pertaining to brokerage house		309,989	188,033
Pertaining to clients		937,501	23,641
		1,247,490	211,674
Deposit Accounts			
Pertaining to brokerage house	13.1	7,384,174	1,674,653
Pertaining to clients	13.1	74,300,928	41,959,628
		81,685,102	43,634,281
		<u>82,932,592</u>	<u>43,845,955</u>
		<u>82,934,984</u>	<u>43,849,203</u>

13.1 These carry markup ranging from @ 5% to 6% (2020: @ 6.50% to 12.50%) per annum.

	2021 Rupees	2020 Rupees
14 SHARE CAPITAL		
Authorized		
10,000,000 (2020: 10,000,000) ordinary shares of Rs.10 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up		
4,500,100 (2020: 4,500,100) ordinary shares of Rs.10 each fully paid in cash	<u>45,001,000</u>	<u>45,001,000</u>

14.1 Categories of shareholders

	% age of Shares Held		Number of Shares Held	
	2021	2020	2021	2020
Individuals				
Director				
Mrs. Mahena Yasir	0.01%	0.01%	450	450
Chief Executive				
Muhammad Yasir Mahmood	99.99%	99.99%	4,499,650	4,499,650
	<u>100%</u>	<u>100%</u>	<u>4,500,100</u>	<u>4,500,100</u>

15 FAIR VALUE ADJUSTMENT RESERVE

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

	Note	2021 Rupees	2020 Rupees
16 DEFERRED TAXATION			
Deferred tax liabilities/(assets) arising due to:			
Accelerated tax depreciation		115,132	172,922
Accelerated tax amortization		(1,452)	(364)
Provision against receivables		(29,899)	(11,188)
Minimum taxes paid		-	(344,459)
Taxable losses		-	(393,594)
		<u>83,781</u>	<u>(576,683)</u>
Balance as at July 01,		-	-
Less: charge for the year		83,781	-
		<u>83,781</u>	<u>-</u>

16.1 During the year ended June 30, 2020, net deductible temporary differences, taxable losses and minimum taxes paid resulted in a net deferred tax asset of Rs. 576,683. However, deferred tax asset was not recognized in the financial statements being prudent.

17 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES	Note	2021 Rupees	2020 Rupees
Accrued expenses		<u>615,437</u>	<u>244,582</u>
18 TRADE AND OTHER PAYABLE			
Creditors for sale of shares on behalf of clients	19.1 & 19.2	61,657,638	44,282,771
Tax deducted at source payables		49,328	15,969
Punjab workers welfare fund payable		328,751	1,123
Payable to National Clearing Company of Pakistan Ltd.		14,040,940	-
Sales tax payable		<u>497,249</u>	<u>104,311</u>
		<u>76,573,906</u>	<u>44,404,174</u>

18.1 The total value of securities pertaining to clients are Rs. 845,190,540 (2020: Rs. 575,636,922) held in sub-accounts of the company. No security is pledged by client to the financial institutions except with NCCPL amounting Rs. 23,022,450 (2020: Rs. 12,484,135) for exposure.

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

Name of related party	Basis of relationship	2021 Rupees	2020 Rupees
Muhammad Yasir Mahmood	Chief Executive	26,104	62,083
Ms. Mahena Yasir	Director	<u>521</u>	<u>-</u>
		<u>26,625</u>	<u>62,083</u>

19 LOAN FROM BANKING COMPANY	Note	2021 Rupees	2020 Rupees
From financial instruction - Running finance	19.1	<u>13,039,257</u>	<u>10,966,646</u>

19.1 The company has been sanctioned a credit limit of Rs. 20.00 million (2020 : Rs. 20 million) by the JS Bank Limited. It is secured by token registered mortgage of Rs. 0.1 million, equitable mortgage over personal residential property of the chief executive and personal guarantee of all directors of the company. It carries mark up at the rate of one month KIBOR plus 600 basis points.

20 CONTINGENCIES AND COMMITMENTS

Contingencies

Contingencies and commitments as at reporting date were Rs. nil (2020: Rs. nil).

Commitments

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

	Note	2021 Rupees	2020 Rupees
21 BROKERAGE AND COMMISSION			
Brokerage and commission - gross		26,639,093	9,450,419
Less: Sales Tax		(3,674,358)	(1,303,506)
	21.1	<u>22,964,735</u>	<u>8,146,913</u>

21.1 This includes commission earned from the following related parties.

Name of related party	Basis of relationship		
Muhammad Yasir Mahmood	Chief Executive	<u>120,144</u>	<u>17,095</u>

	Note	2021 Rupees	2020 Rupees
22 DIRECT COST			
Charges paid to:			
National Clearing Company trade fee		571,963	331,405
Central Depository Company charges		747,135	616,679
Pakistan Stock Exchange charges		829,645	597,491
LSE Financial Services Limited charges		50,676	52,902
Commission paid		<u>2,336,633</u>	<u>576,520</u>
		<u>4,536,052</u>	<u>2,174,997</u>

23 OPERATING EXPENSES

Directors' remunerations		7,695,600	5,400,000
Salaries and other benefits		6,832,103	3,989,986
Rent, rates and taxes		6,824	1,040
Traveling and conveyance		48,350	46,190
Utilities		256,809	218,036
Communication charges		335,961	276,634
Printing and stationery		115,676	90,333
Repair and maintenance		265,783	176,093
Fee and subscription		271,434	244,095
Legal and professional charges	23.1	552,800	494,076
News papers and periodicals		10,404	7,613
Entertainment		252,072	208,096
Insurance		81,172	30,690
Postage and telegram		125,718	159,558
Donation		163,000	2,582
Depreciation	4	233,370	237,618
Amortization	5	113,750	124,167
Miscellaneous expenses		<u>342,052</u>	<u>35,545</u>
		<u>17,702,878</u>	<u>11,742,352</u>

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23.1 Auditor's remuneration

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

	Note	2021 Rupees	2020 Rupees
Amin, Mudassar & Co. Chartered Accountants			
Audit Services			
Statutory audit		115,500	84,000
Non-Audit Services			
Certification fee for regulatory purposes		80,800	74,720
		<u>196,300</u>	<u>158,720</u>
24 OTHER OPERATING EXPENSES			
Provision for doubtful debts		30	-
Balances written off		476	-
Provision for doubtful advances		131,388	-
Punjab workers welfare fund		328,751	1,123
		<u>460,645</u>	<u>1,123</u>
25 OTHER INCOME			
Income from financial assets			
Dividend income		908,922	985,350
Profit on saving accounts		3,115,547	5,490,802
Un-realised gain on remeasurement of investment at fair value through profit or loss		4,352,407	55,972
Un-realised gain on remeasurement of investment in mutual funds at fair value through profit or loss		2,615	514
Profit on NCCPL Deposit		2,448	196,423
Reversal of provision for doubtful debts		-	5,317
		<u>8,381,939</u>	<u>6,734,378</u>
Income from assets other than financial assets			
Account maintenance and custody fee		812,477	764,300
IPO Commission		24,920	-
Gain on disposal of asset		243	-
Other income		776,260	359,109
		<u>1,613,900</u>	<u>1,123,409</u>
		<u>9,995,839</u>	<u>7,857,787</u>
26 FINANCE COST			
Markup on borrowings		1,622,353	1,752,491
Bank charges		59,009	59,794
		<u>1,681,362</u>	<u>1,812,285</u>

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27 TAXATION	Note	2021 Rupees	2020 Rupees
Income tax:			
-Current		1,203,832	364,280
-Prior year		(85,634)	-
-Deferred		83,781	-
		<u>1,201,979</u>	<u>364,280</u>

27.1 Reconciliation of tax expense and accounting profit:	2021 Rupees
Profit before taxation	<u>16,437,533</u>
Tax at the applicable rate of 29%	4,766,886
Tax effect of prior year charge	(85,634)
Tax effect on inadmissible expense	278,254
Tax effect on admissible expense	(113,355)
Deferred taxation	83,781
Income tax on dividend	136,338
Adjustment of tax credits	(232,181)
Tax effect of income under final taxation	<u>(3,632,109)</u>
	<u>1,201,980</u>

27.2 No reconciliation of tax expenses had been presented in the previous year as the company was either liable to pay tax under final tax regime or minimum tax regime of the Income Tax Ordinance, 2001.

27.3 The company has filed Income Tax Return for the Tax Year 2020 on December 31, 2020 which is deemed to be an Assessment Order u/s 120 of the Income Tax Ordinance, 2001 (the Ordinance).

27.4.1 Proceedings, under Rule 44(4) of the Income Tax Rules, 2002 for the Tax Year 2018 were initiated by the Assistant Commissioner Inland Revenue (ACIR) (Enforcement & Collection), Unit-VIII, Range-II, Zone-IV, CRTO, Lahore through notice dated January 08, 2019. The Company through its Authorized Representative (AR) complied the said notice by submitting all the required reconciliations alongwith supporting data/documents, etc. through letter no. IT/Y-04/19/82, 1T/Y-04/19/122 & IT/Y-04/19/175, dated January 31, 2019, February 13, 2019 & February 28, 2019 respectively. However, no further correspondence has been received from the tax department till date.


27.4.2 The Company was selected for Tax Audit u/s 214D of the Ordinance by the Federal Board of Revenue (the Board) for the audit of the Income Tax affairs u/s 177 for the Tax Year 2016. Proceedings were initiated by the Deputy Commissioner Inland Revenue (DCIR) (Audit), Unit IV, Range-I, Zone-IV, CRTO, Lahore through notice dated October 13, 2017 issued u/s 177(1) of the Ordinance. The Company through its AR complied the said notice through letters no. 1T/Y-04/17/804 and 1T/Y-04/17/840 dated October 18, 2017 and November 1, 2017 respectively.

Later, the DCIR issued show cause notice u/s 122(1)/(5) for amendment of assessment dated February 21, 2018. The Company duly complied the said notice by submitting all requisite data/information through its AR's various letters, last reply in this regard was submitted on May 31, 2019. The DCIR finalized the proceedings by passing Order u/s 122(1) dated November 30, 2020, raising a demand of Rs, 11,136,163..

Being aggrieved from the aforesaid order, the Company through its authorized representative filed an appeal before Commissioner Inland Revenue (CIR-Appeals) Lahore on December 29, 2020. The main hearing of the case was heard on June 23, 2021 and CIR-Appeals after considering the arguments, remanded the case back to the DCIR vide Order no. 38 u/s 129(1)(b) dated June 30, 2021.

27.4.3 Proceedings, under Rule 44(4) of the Income Tax Rules, 2002 for Tax Year 2016 were initiated by the DCIR (Enforcement & Collection), Unit-VIII, Range-II, Zone-IV, CRTO, Lahore through notice dated February 10, 2018. The authorized representative of the Company complied the said notice and provided the partial data/information/documents along with supporting reconciliation through various letters. Later, the DCIR issued notice u/s 161/205 of the Ordinance dated March 05, 2018. The Company through its authorized representative complied the aforesaid notice by submitting required data through letters no. IT/Y-04/18/249 and IT/Y-04/18/504 dated March 12, 2018 and May 16, 2018 respectively. However, no further correspondence has been received from the tax department till date.

27.4.4 The ACIR (Enforcement & Collection), Unit-VDT, Range-II, Zone-IV, CRTO, Lahore initiated the proceedings u/s 161/205 of the Ordinance for the Tax Year 2015 through notice no. 647 dated March 09, 2017. The Company through its authorized representative complied the aforesaid notice by submitting required data through letters no. IT/Y-04/17/256, IT/Y-04/17/296 and IT/Y-04/17/335 dated March 27, 2017, April 06, 2017 and April 21, 2017 respectively. However, no further correspondence has been received from the tax department till date.

27.4.5 Proceedings, under Rule 44(4) of the Income Tax Rules, 2002 for Tax Year 2013 were initiated by the ACIR, Unit-V, Withholding Tax Zone, RTO, Lahore through notice dated April 04, 2014. The authorized representative of the Company complied the said notice and provided the complete data/information/documents along with supporting reconciliation vide letter no. Ref: IT/Y-04/14/211. Later, the DCIR (Enforcement & Collection), Unit-VIII, Range-II, Zone-IV, CRTO, Lahore issued notice u/s 161/205 of the Ordinance bearing no. 2691570/E&C-8, dated August 16, 2016. The Company through its AR complied the aforesaid notice through letters no. IT/Y-04/16/488 dated August 23, 2016. However, no further correspondence has been received from the tax department till date. 

28 EARNINGS PER SHARE-BASIC AND DILUTED	2021	2020
Profit/(loss) for the year - Rupees	<u>15,235,554</u>	<u>(308,142)</u>
Weighted average number of ordinary shares outstanding during the year - Numbers	<u>4,500,100</u>	<u>4,500,100</u>
Earnings per share-Rupees	<u>3.39</u>	<u>(0.07)</u>

29 NUMBER OF EMPLOYEES	2021 (-----N u m b e r-----)	2020
Number of employees at the end of year	<u>14</u>	<u>9</u>
Average number of employees during the year	<u>11</u>	<u>9</u>

30 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS

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

	2021			
	-----Rupees-----			
	Chief Executive	Director	Executive	Total
Managerial Remuneration	<u>3,847,800</u>	<u>3,847,800</u>	<u>1,298,700</u>	<u>8,994,300</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>
	2020			
	-----Rupees-----			
Managerial Remuneration	<u>2,700,000</u>	<u>2,700,000</u>	<u>-</u>	<u>5,400,000</u>
Number of persons	<u>1</u>	<u>1</u>	<u>0</u>	<u>2</u>

The Chief Executive and directors are entitled to free use of cars according to the company's policy.

31 FINANCIAL INSTRUMENTS BY CATEGORY	Note	2021 Rupees	2020 Rupees
Financial assets and financial liabilities:			
Financial assets			
Available for sale			
Long term investment		18,109,557	17,847,956
At fair value through profit or loss:			
Investment in mutual funds		9,868	7,253
Investment in listed securities		32,773,742	21,124,040

	Note	2021 Rupees	2020 Rupees
Loans and receivables			
Long term deposits		1,727,500	727,500
Trade debts		791,427	2,564,771
Trade deposits		124,984	178,624
Cash and bank balances		<u>82,934,984</u>	<u>43,849,203</u>
		<u>85,578,895</u>	<u>47,320,098</u>
Financial liabilities			
Financial liabilities at amortized cost			
Deposits, accrued liabilities and advances		615,437	244,582
Trade and other payables		76,573,906	44,404,174
Accrued markup		426,534	428,857
Loan from banking company		<u>13,039,257</u>	<u>10,966,646</u>
		<u>90,655,134</u>	<u>56,044,259</u>

32 CORRESPONDING FIGURES

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

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33 NET CAPITAL BALANCE

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

	Rupees	Rupees
CURRENT ASSETS		
Margin Deposit with Clearing Houses		
National Clearing Company of Pakistan Limited	-	-
Cash in hand and bank balances		
Bank balances		
Pertaining to Brokerage House	7,694,163	
Pertaining to Clients	75,238,429	
	82,932,592	
Cash in hand	2,392	82,934,984
Trade Receivables		
Receivable from National Clearing Company of Pakistan	-	
Receivables from clients	787,814	
Less: Outstanding for more than 14 days	423,313	
	364,501	364,501
Investment in Listed Securities		
Securities appearing and owned by Brokerage House	32,773,742	
Less: 15% discount	4,916,061	27,857,681
Securities purchased for clients		
Receivable from clients after expiry of 14 days	423,313	423,313
		111,580,479
LESS: CURRENT LIABILITIES		
Trade and other payables		
Overdue payables	61,657,638	
Less: Overdue more than 30 days	18,123,265	
	43,534,373	
Other Liabilities		
Trade payables overdue more than 30 days	18,123,265	
Payable from National Clearing Company of Pakistan	14,040,940	
Accrued expenses	615,437	
Loan from banking company	13,039,257	
Other liabilities	1,887,831	
	47,706,730	91,241,103
NET CAPITAL BALANCE		<u>20,339,376</u>

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34 LIQUID CAPITAL BALANCE

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

S. No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	1,580,534	100.00%	-
1.2	Intangible Assets	8,698,750	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:			
	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.	32,773,742	6,831,541	25,942,201
	ii. If unlisted, 100% of carrying value.	18,119,425	100.00%	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker are not included in the investments of securities broker	-	-	-
1.5	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017). Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	-	-
1.6	Investment in subsidiaries	-	100.00%	-
	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.	1,600,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	-	-	-
1.10	Deposit with authorized intermediary against borrowed securities under S.I.B.	-	-	-
1.11	Other deposits and prepayments	2,124,365	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.	-	-	-
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	-	-	-
	Receivables other than trade receivables	414,972	100.00%	-
	Receivables from clearing house or securities exchange(s)			
1.16	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	ii) Receivable on entitlements against trading of securities in all markets including MTM gains.	-	-	-
	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. Lower of net balance sheet value or value determined through adjustments.	-	-	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
1.17	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>	-	5.00%	-
	iii. Incase receivalbes are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract. <i>iii. Net amount after deducting haricut</i>	-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	227,447	-	227,447
	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. <i>v. Lower of net balance sheet value or value determined through adjustments</i>	560,337	-	560,337
	<i>vi. 100% haircut in the case of amount receivable form related parties.</i>	-	100.00%	-
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	7,694,163	-	7,694,163
	ii. Bank balance-customer accounts	75,238,429	-	75,238,429
	iii. Cash in hand	2,392	-	2,392
1.19	Total Assets	149,034,556		109,664,969

2. Liabilities

2.1	Trade Payables			
	i. Payable to exchanges and clearing house	14,040,940	-	14,040,940
	ii. Payable against leveraged market products iii. Payable to customers	- 61,657,638	- -	- 61,657,638
2.2	Current Liabilities			
	i. Statutory and regulatory dues	875,328	-	875,328
	ii. Accruals and other payables	1,041,971	-	1,041,971
	iii. Short-term borrowings	13,039,257	-	13,039,257
	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	585,969	-	585,969
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	Non-Current Liabilities			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial instituion: Long term portion of financing obtained from a financial institution including amount due against finance lease	-	-	-
	b. Other long-term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Boad of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.	-	-	-
	iv. Other liabilities as per accounting principles and included in the financial statements	83,781	-	83,781
2.4	Subordinated Loans			
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted : 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: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange	-	-	-
2.5	Total Liabilites	91,324,884		91,324,884

S. No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
3. Ranking Liabilities Relating to :				
	Concentration in Margin Financing			
3.1	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
	Concentration in securities lending and borrowing			
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
	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			
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	-	1,124,934	1,124,934
	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 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. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Ranking Liabilites	-		1,124,934
		<u>57,709,672</u>		<u>17,215,151</u>
	Liquid Capital Balance			<u>17,215,151</u>

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35 GENERAL

Figures have been rounded off to the nearest of rupee.

36 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 05 OCT 2021 by the Board of Directors of the company.


CHIEF EXECUTIVE


DIRECTOR