

HABIB ULLAH SHEIKH SECURITIES (PVT) LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Independent Auditor's Report to the members of HABIB ULLAH SHEIKH (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **HABIB ULLAH SHEIKH (PRIVATE) 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, 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 loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Material Uncertainty relating to Going Concern

The financial statements have been prepared on going concern basis, as described in note 3.2 to the financial statements despite the fact that the company incurred a net loss of Rs.1.56 million during the year. This condition along with other matters as set forth in note 1.2 to the financial statements, indicate the existence of material uncertainty that may cast significant doubt about the company's ability to continue as going concern.

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 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;
- 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 June 30, 2021.

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


CHARTERED ACCOUNTANTS

Lahore:

06 OCT 2021



HABIB ULLAH SHEIKH (PVT) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	1,759,224	2,088,164
Intangible assets	5	15,258,418	15,092,320
Long term investment	6	18,111,704	17,850,071
Long term deposits	7	400,000	400,000
		<u>35,529,346</u>	<u>35,430,555</u>
CURRENT ASSETS			
Account receivables	8	154,616	143,731
Investment at fair value through profit or loss	9	8,765,000	-
Trade deposits, short term prepayments and current account balance with statutory authorities	10	3,543,204	2,916,675
Cash and bank balances	11	8,573,977	19,488,684
		<u>21,036,797</u>	<u>22,549,090</u>
		<u>56,566,143</u>	<u>57,979,645</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Share capital	12	45,300,000	45,300,000
Revenue reserve			
Un-appropriated profit		7,076,874	8,638,747
Capital reserve			
Fair value adjustment reserve	13	1,150,451	888,818
		<u>53,527,325</u>	<u>54,827,565</u>
NON CURRENT LIABILITIES			
Deferred taxation	14	-	-
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	15	196,668	193,089
Trade and other payables	16	2,842,150	2,958,991
		<u>3,038,818</u>	<u>3,152,080</u>
CONTINGENCIES AND COMMITMENTS			
	17	-	-
		<u>56,566,143</u>	<u>57,979,645</u>

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

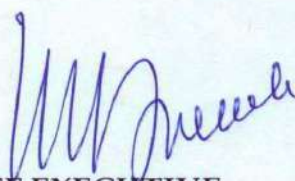
CHIEF EXECUTIVE

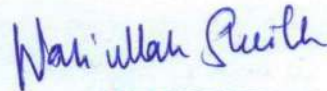
DIRECTOR

HABIB ULLAH SHEIKH (PVT) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Brokerage and commission	18	-	80,941
Dividend income		1,153,283	675,180
Interest income		853,645	2,625,583
Capital loss on marketable securities		-	(722,350)
		2,006,928	2,659,354
Direct cost	19	(175,561)	(211,980)
		1,831,367	2,447,374
Operating expenses	20	(2,080,760)	(3,395,585)
Other expenses	21	(1,187,034)	(6,070)
Other operating income	22	70,805	82,179
		(3,196,989)	(3,319,476)
LOSS FROM OPERATIONS		(1,365,622)	(872,103)
Finance cost	23	(10,451)	(31,138)
LOSS BEFORE TAXATION		(1,376,073)	(903,241)
Taxation	24	(185,800)	(156,128)
LOSS FOR THE YEAR		(1,561,873)	(1,059,369)
EARNINGS PER SHARE - BASIC AND DILUTED	25	(34.48)	(23.39)

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


CHIEF EXECUTIVE


DIRECTOR

HABIB ULLAH SHEIKH (PVT) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(1,376,073)	(903,241)
Adjustments of items not involving movements of cash:			
Depreciation	4	328,940	394,911
Dividend income		(1,153,283)	(675,180)
Interest income		(853,645)	(2,516,813)
(Reversal)/ provision for doubtful		(10,565)	6,070
Loss on remeasurement of investment at fair value		1,187,034	-
		(501,519)	(2,791,012)
Operating cash Flows Before Working capital changes		(1,877,592)	(3,694,253)
(Increase) / Decrease in Working Capital			
(Increase) / decrease in current assets			
Account receivables		(320)	660,381
Trade deposits and short term prepayments		(500,000)	(200,000)
Loan and Advances		-	63,600
Investment at fair value through profit or loss		(9,952,034)	-
Increase / (decrease) in current liabilities			
Trade and other payables		(116,156)	(97,698)
Accrued expenses		3,579	(11,957,198)
		(10,564,931)	(11,530,915)
Cash Generated From Operations		(12,442,523)	(15,225,168)
Taxes paid		(313,014)	(383,906)
		(313,014)	(383,906)
Net cash Flows From Operating Activities		(12,755,537)	(15,609,074)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		853,645	2,516,813
Additions in intangible assets		(166,098)	-
Dividend income received		1,153,283	675,180
Net cash Flows From Investing Activities		1,840,830	3,191,993
CASH FLOWS FROM FINANCING ACTIVITIES			
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(10,914,707)	(12,417,081)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		19,488,684	31,905,765
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	8,573,977	19,488,684
A Cash and Cash Equivalents			
Cash and bank balances	11	8,573,977	19,488,684
		8,573,977	19,488,684

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

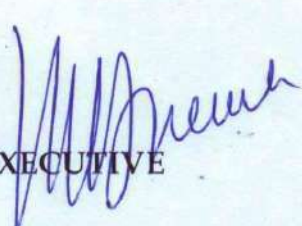
CHIEF EXECUTIVE

DIRECTOR

HABIB ULLAH SHEIKH (PVT) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
Loss for the year	(1,561,873)	(1,059,369)
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 investment at fair value through other comprehensive income	261,633	(388,229)
Other comprehensive income/(loss) for the year	261,633	(388,229)
Total comprehensive income/(loss) for the year	<u>(1,300,240)</u>	<u>(1,447,598)</u>

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


CHIEF EXECUTIVE


DIRECTOR

HABIB ULLAH SHEIKH (PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Paid up share capital	Un- appropriated profit	Fair value adjustment reserve	Total
	----- (R u p e e s) -----			
Balance as at June 30, 2019	45,300,000	9,698,116	1,277,047	56,275,163
Loss for the year	-	(1,059,369)	-	(1,059,369)
Other comprehensive loss	-	-	(388,229)	(388,229)
	-	(1,059,369)	(388,229)	(1,447,598)
Balance as at June 30, 2020	45,300,000	8,638,747	888,818	54,827,565
Loss for the year	-	(1,561,873)	-	(1,561,873)
Other comprehensive income	-	-	261,633	261,633
	-	(1,561,873)	261,633	(1,300,240)
Balance as at June 30, 2021	45,300,000	7,076,874	1,150,451	53,527,325

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

CHIEF EXECUTIVE



DIRECTOR



HABIB ULLAH SHEIKH (PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 COMPANY AND ITS OPERATION

- 1.1** The company was incorporated as Private Limited Company on May 30, 2006 under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at Room # 213, 2nd Floor, Lahore Stock Exchange Building, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore. The branch office of the company is located at Room # 207, 2nd Floor, Lahore Stock Exchange Building, 19- Khayaban-e-Aiwan-e-Iqbal, Lahore.

The company is Trading Right Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited. The Principal activity of the Company is financial consultancy, brokerage, underwriting, portfolio management / acquisition of securities and securities research.

- 1.2** During the year, the company has incurred net loss amounting Rs. 1.56 million. However, as at June 30, 2021, the company has un-appropriated profit and net positive equity amounting Rs. 7.08 million and Rs. 56.87 million respectively. The Company has current assets amounting Rs. 21.04 million which includes cash and bank amounting Rs. 8.57 million that exceeds the current liabilities amounting Rs. 5.53 million of the company. In addition to the above and continued financial support of the sponsors of the company, if so required, there is no doubt on Company's ability to continue as going concern and do not include any adjustment relating to recoverability and classification of recorded assets and liabilities that may be necessary if the company is unable to continue as a going concern.

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.

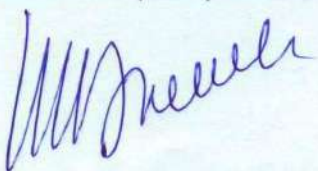
2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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 amortized through reducing balance method.

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

3.3 FINANCIAL ASSETS

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

3.3.1 Held to Maturity

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

3.3.2 At fair value through profit or loss

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

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

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



3.3.3 Available-for-sale

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

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

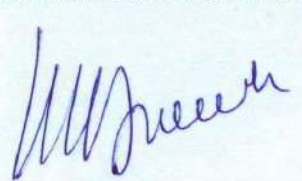
3.9 TAXATION

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

3.10 TRADE AND OTHER PAYABLES

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

3.11 PROVISIONS

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

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

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

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

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

3.12 CONTINGENT LIABILITIES

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

3.13 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

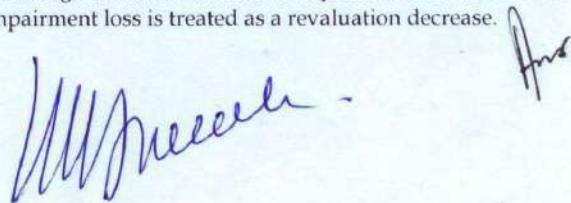
Transactions denominated in foreign currencies are translated to Pakistan Rupees at the exchanges rate ruling at the date of transaction.

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

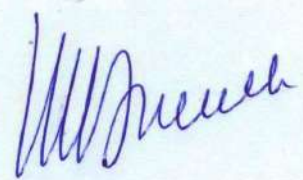
The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by 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			Rate %	Depreciation			W.D.V
	As at June 30, 2020	Additions	Deletion		As at June 30, 2020	Charge for the year	Deletion for the year	As at June 30, 2021

OWNED

-----Rupees-----

-----Rupees-----

Furniture and fittings	834,934	-	-	15	686,533	22,260	-	708,793	126,141
Vehicles	4,079,900	-	-	15	2,381,134	254,815	-	2,635,949	1,443,951
Office equipment	814,850	-	-	15	678,623	20,434	-	699,057	115,793
Computers	834,517	-	-	30	729,747	31,431	-	761,178	73,339
	6,564,201	-	-		4,476,037	328,940	-	4,804,977	1,759,224

4.1 PROPERTY AND EQUIPMENT

Particulars	Cost			Rate %	Depreciation			W.D.V
	As at June 30, 2019	Additions	Deletion		As at June 30, 2019	Charge for the year	Deletion for the year	As at June 30, 2020

OWNED

-----Rupees-----

-----Rupees-----

Furniture and fittings	834,934	-	-	15	660,345	26,188	-	686,533	148,401
Vehicles	4,079,900	-	-	15	2,081,352	299,782	-	2,381,134	1,698,766
Office equipment	814,850	-	-	15	654,583	24,040	-	678,623	136,227
Computers	834,517	-	-	30	684,846	44,901	-	729,747	104,770
	6,564,201	-	-		4,081,126	394,911	-	4,476,037	2,088,164

4.2 ALLOCATION OF DEPRECIATION

	2021	2020
Rupees	Rupees	
Operating expenses	328,940	394,911
	328,940	394,911

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	Note	2021 Rupees	2020 Rupees
5 INTANGIBLE ASSETS			
Trading right entitlement certificate	5.1	2,500,000	2,500,000
Rights of rooms	5.2	12,358,418	12,192,320
Membership in Royal Palm		400,000	400,000
		<u>15,258,418</u>	<u>15,092,320</u>

5.1 It 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 is carried at cost less impairment.

5.2 This includes rights of room against room # 102 amounting Rs.2,358,418. The company is in the process of finalization of lease deed against the said room with LSE Financial Services Limited. However, during the previous year, the control and related rights had been transferred to the company.

	Note	2021 Rupees	2020 Rupees
6 LONG TERM INVESTMENT			
Unquoted - Shares of LSE Financial Services Limited:			
Available for sale			
Cost as at July 01,		16,961,253	16,961,253
Fair value adjustment		1,150,451	888,818
	6.1	<u>18,111,704</u>	<u>17,850,071</u>

6.1 Pursuant to the promulgation of the Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (The Act), The Lahore Stock Exchange Limited, now LSE Financial Services Limited had allotted 843,975 shares of the face value of Rs. 10 each to the TREC holder. All shares are held in freeze status in the respective CDC sub-account of the TREC holder. The divestment of the same was to be made in accordance with the requirements of the Act within one year from the date of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Company has pledged 843,975 shares of LSE Financial Services Limited with the Pakistan Stock Exchange Limited 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 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			
Deposits with:			
National Clearing Company of Pakistan Limited	7.1	400,000	400,000
		<u>400,000</u>	<u>400,000</u>

- 7.1 This includes deposit amounting Rs.200,000 transferred from Pakistan Stock Exchange Limited for taking exposures in regular and future markets.

	Note	2021 Rupees	2020 Rupees
8 TRADE DEBTS			
Receivable from:			
Clients on account of purchase of shares		201,084	203,983
Less: Balances written off		(4,864)	(3,219)
		196,220	200,764
Less: Provision for doubtful debts	8.1	(41,604)	(57,033)
	8.2	154,616	143,731
8.1 Movement is as follows			
Opening balance		57,033	54,182
(Reversal)/ provision made during the year		(10,565)	6,070
Less: Balances written off		(4,864)	(3,219)
		41,604	57,033
8.2 Aging Analysis			
Upto five days		-	-
More than five days		154,616	143,731
		154,616	143,731
9 INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS			
Investment in listed securities	9.1	8,765,000	-
9.1 Investment in listed companies			
Carrying value		9,952,034	
Gain on remeasurement of fair value of investment as at June 30,		(1,187,034)	-
		8,765,000	-
10 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES			
Deposits with:			
National Clearing Company of Pakistan Ltd.	10.1	2,200,000	1,700,000
Tax deducted at source		1,343,204	1,216,675
		3,543,204	2,916,675

- 10.1 This represents deposit with National Clearing Company of Pakistan Limited against exposure margin in respect of trade in ready market. These deposits carry profit at rates ranging from 3% to 5% (2020: 6% to 12%) per annum.

11 CASH AND BANK BALANCES

These were held as under:

Cash in hand

2,047

2,200

Cash at bank

Current accounts

Pertaining to brokerage house

Pertaining to clients

636,958	592,350
49,899	1,010
686,857	593,360

Deposit accounts

Pertaining to brokerage house

Pertaining to clients

11.1

11.1

5,123,343	15,964,543
2,761,730	2,928,581
7,885,073	18,893,124

8,571,930

19,486,484

8,573,977

19,488,684

11.1 These carry markup @ 5.51% (2019: 5.54%) per annum.

Note

2021
Rupees

2020
Rupees

12 SHARE CAPITAL

Authorized

100,000 (2020: 100,000) ordinary shares
of Rs.1,000 each

100,000,000

100,000,000

Issued, subscribed and paid up

45,300 (2020: 45,300) ordinary shares of
Rs.1,000 each fully paid in cash

45,300,000

45,300,000

% age of Shares Held		Number of Shares Held	
2021	2020	2021	2020

12.1 Categories of shareholders

Individuals

Chief Executive

Mr. Habib Ullah Sheikh

99.83%

99.83%

45,225

45,225

Directors

Mrs. Rabia Habib

0.06%

0.06%

25

25

Mr. Wali Ullah Habib

0.11%

0.11%

50

50

100%

100%

45,300

45,300

13 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.

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14 DEFERRED TAXATION	Note	2021 Rupees	2020 Rupees
Deferred credits/ (debits) arising due to:			
Accelerated tax depreciation		35,841	50,391
Provision for doubtful debts		9,014	14,174
Brought forward losses		(1,483,888)	(1,436,452)
Minimum tax		(121,288)	(122,400)
		<u>(1,560,321)</u>	<u>(1,494,287)</u>
Balance as at July 01,		-	-
Add: charge/ (reversal) for the year		-	-
		<u>-</u>	<u>-</u>

- 14.1 At the year end, net deductible temporary differences, taxable losses and minimum tax credits resulted in a net deferred tax asset of Rs. 1,560,321 (2020: 1,450,906). However, deferred tax asset has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2022.

14.2 Minimum taxes would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum taxes (Rupees)	Accounting year in which minimum tax will expire
2018	34,674	2023
2019	46,795	2024
2020	27,011	2025
2021	12,808	2026

14.3 Business losses would expire as follows:

Accounting year to which business loss relates	Amount of business losses (Rupees)	Accounting year in which business loss will expire
2018	1,012,545	2024
2019	2,721,811	2025
2020	464,359	2026
2021	88,854	2027

14.4 Depreciation losses with no limit to expire are as follows:

Accounting year to which depreciation loss relates	Amount of depreciation losses (Rupees)	Accounting year in which depreciation loss will expire
2018	197,645	No expiry limit
2019	351,881	No expiry limit
2020	279,760	No expiry limit

15 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES	Note	2021 Rupees	2020 Rupees
Accrued expenses		<u>196,668</u>	<u>193,089</u>
16 TRADE AND OTHER PAYABLES			
Creditors for sale of shares on behalf of clients	16.2	2,810,077	2,928,853
Other payable		31,910	29,290
Tax deducted at source		163	848
		<u>2,842,150</u>	<u>2,958,991</u>

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16.1 The total value of securities pertaining to clients is Rs. 10,805,208 (2020: Rs. 5,618,057) held in sub-accounts of the company. No security is pledged by client to the financial institutions and National Clearing Company of Pakistan.

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

Name of related party	Basis of relationship	2021 Rupees	2020 Rupees
Mr. Habib Ullah Sheikh	Director	109,039	77,332
Mr. Wali Ullah Sheikh	Director	17,650	17,650
		<u>126,689</u>	<u>94,982</u>

17 CONTINGENCIES AND COMMITMENTS

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

18 BROKERAGE AND COMMISSION

	Note	2021 Rupees	2020 Rupees
Brokerage and commission - gross		-	93,892
Less: Sales tax		-	(12,951)
		<u>-</u>	<u>80,941</u>

18.1 Brokerage and commission earned from retail customers includes the following amounts of commission earned from related parties:

Name of related party	Basis of relationship	2021 Rupees	2020 Rupees
Mr. Habib Ullah Sheikh	Director	-	193
Mr. Wali Ullah Sheikh	Director	-	64
		<u>-</u>	<u>257</u>

19 DIRECT COST

Charges paid to:

	Note	2021 Rupees	2020 Rupees
Pakistan Stock Exchange Limited		580	2,335
National Clearing Company of Pakistan Limited		91,073	109,160
Central Depository Company Limited		83,818	100,051
SECP fee		90	434
		<u>175,561</u>	<u>211,980</u>

20 OPERATING EXPENSES	Note	2021 Rupees	2020 Rupees
Directors' remuneration		-	240,000
Staff salaries and benefits		890,500	1,638,250
Rent, rates and taxes		43,030	62,478
Communication expenses		210,654	234,731
Utility charges		47,067	98,357
Postage and courier charges		16,533	52,055
Printing and stationery		14,525	21,755
Repair and maintenance		99,456	98,720
Insurance		2,753	4,092
Legal and professional charges	20.1	139,426	120,070
Fee and subscription		124,365	98,685
Computer software maintenance		72,807	123,852
Books and newspapers		3,000	20,514
Entertainment		31,417	85,659
Travelling expenses		44,650	41,600
Depreciation	4.2	328,940	394,911
Miscellaneous		11,637	59,856
		<u>2,080,760</u>	<u>3,395,585</u>

20.1 Auditor's remuneration

This includes statutory audit fee and other certification charges as detailed below:

	2021 Rupees	2020 Rupees
Amin, Mudassar & Co. , Chartered Accountants		
Audit Services		
Statutory audit	75,600	73,500
Non-Audit Services		
Certification fee for regulatory purposes	19,950	34,470
	<u>95,550</u>	<u>107,970</u>

21 OTHER EXPENSES	Note	2021 Rupees	2020 Rupees
Loss on remeasurement of investment at fair value		1,187,034	-
Provision for doubtful debts		-	6,070
		<u>1,187,034</u>	<u>6,070</u>
22 OTHER INCOME			
Income from assets other than financial assets			
Rental income	25.1	60,000	60,000
Other income		240	22,179
Reversal of provision for doubtful debts		10,565	-
		<u>70,805</u>	<u>82,179</u>

25.1 This represents rental income received from New Pak Surgical (an associated undertaking due to common management of Chief Executive of the company).

23 FINANCE COST	Note	2021 Rupees	2020 Rupees
Bank charges		<u>10,451</u>	<u>31,138</u>
24 TAXATION			
Income tax:			
-Current		199,720	156,128
-Prior year		(13,920)	-
-Deferred		-	-
		<u>185,800</u>	<u>156,128</u>

24.1 Income tax assessment of the Company has been finalized up to tax year 2020 on the basis of returns filed as the company did not receive any notice in this respect from Tax Authorities.

24.2 No numeric tax rate reconciliation is presented for the current and prior year in these financial statements as the company is either liable to pay tax under final tax regime or minimum tax u/s 113 of Income Tax Ordinance, 2001.

25 EARNINGS PER SHARE- BASIC AND DILUTED

	2021 Rupees	2020 Rupees
Loss for the year-Rupees	<u>(1,561,873)</u>	<u>(1,059,369)</u>
Weighted average number of ordinary shares outstanding during the year-Numbers	<u>45,300</u>	<u>45,300</u>
Earnings per share-Rupees	<u>(34.48)</u>	<u>(23.39)</u>

26 NUMBER OF EMPLOYEES

	2021 (N u m b e r)	2020 (N u m b e r)
Total number of employees at the end of year	<u>4</u>	<u>4</u>
Average number of employees at the year end	<u>4</u>	<u>4</u>

27 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Director	
	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
Managerial remuneration	<u>-</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

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

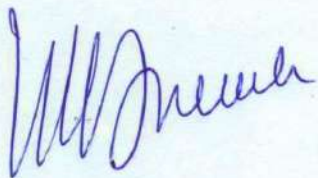
No employee meets the definition of Executive as per Companies Act, 2017.

	2021 Rupees	2020 Rupees
28 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets and financial liabilities		
Financial assets		
Available for sale		
Long term investment	18,111,704	17,850,071
Loans and receivables		
Long term deposits	400,000	400,000
Trade debts	154,616	143,731
Trade deposits	2,200,000	1,700,000
Cash and bank balances	8,573,977	19,488,684
	11,328,593	21,732,415
Financial liabilities		
At amortized cost		
Deposits, Accrued Liabilities and Advances	196,668	193,089
Trade and other payables	2,842,150	2,958,991
	3,038,818	3,152,080

29 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.

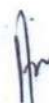
Reclassification from statement of profit and loss	Reclassification to statement of profit and loss	2020 Rupees
Accrued expenses	Trade and other payable	848
Other income	Dividend income	675,180
Other income	Interest income	2,625,582




30 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	2,200,000	2,200,000
Cash in hand and bank balances		
Bank balances		
Pertaining to Brokerage House	5,760,301	
Pertaining to Clients	2,811,629	
	8,571,930	
Cash in hand	2,047	8,573,977
Trade Receivables		
Receivable from National Clearing Company of Pakistan	-	
Receivables from clients	196,220	
Less: Outstanding for more than 14 days	196,220	
	-	
Investment in Listed Securities		
Securities appearing and owned by Brokerage House	8,765,000	
Less: 15% discount	1,314,750	7,450,250
Securities purchased for clients		
Receivable from clients after expiry of 14 days	163,905	163,905
		18,388,132
LESS: CURRENT LIABILITIES		
Trade and other payables		
Overdue payables	2,810,077	
Less: Overdue more than 30 days	2,810,077	
	-	
Other Liabilities		
Trade payables overdue more than 30 days	2,810,077	
Accrued expenses	196,668	
Other liabilities	32,073	
	3,038,818	3,038,818
NET CAPITAL BALANCE		<u>15,349,314</u>

31 LIQUID CAPITAL BALANCE

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

S. No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	1,759,224	100.00%	-
1.2	Intangible Assets	15,258,418	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.	8,765,000	1,314,750	7,450,250
	ii. If unlisted, 100% of carrying value.	18,111,704	100.00%	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker are not included in the investments of securities broker	-	-	-
1.5	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017). Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	-	-
1.6	Investment in subsidiaries	-	100.00%	-
	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.	400,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	2,200,000	-	2,200,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	-	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. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	-	-	-
	Receivables other than trade receivables	1,343,204	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.	-	-	-

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>	-	5.00%	-
1.17	iii. Incase 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. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	-	-	-
	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>	154,616	-	154,616
	<i>vi. 100% haircut in the case of amount receivable from related parties.</i>	-	100.00%	-
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	5,760,301	-	5,760,301
	ii. Bank balance-customer accounts	2,811,629	-	2,811,629
	iii. Cash in hand	2,047	-	2,047
1.19	Total Assets	56,566,143		18,378,843
2. Liabilities				
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	2,810,077	-	2,810,077
2.2	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	228,741	-	228,741
	iii. Short-term borrowings	-	-	-
	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	-	-	-
	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 institution: Long term portion of financing obtained from a financial institution including amount due against finance lease			
	b. Other long-term financing			
	ii. Staff retirement benefits	-	-	-
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained 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	-	-	-
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 Liabilities	3,038,818		3,038,818

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) <u>in the case of right issue</u> : 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) <u>in any other case</u> : 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 currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
Repo adjustment				
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying 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.	-	-	-
3.8	Concentrated proprietary positions 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	-	876,500	876,500
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 Liabilities	-	876,500	876,500

53,527,325

14,463,525

Liquid Capital Balance

14,463,525

32 GENERAL

Figures have been rounded off to the nearest of rupee.

33 DATE OF AUTHORISATION FOR ISSUE

06 OCT 2021

These financial statements were authorized for issue on _____ by the Board of Directors of the Company.

CHIEF EXECUTIVE



DIRECTOR

