# DIRECTORS' REPORT

**TO THE SHAREHOLDERS**

By the grace of Allah Almighty, the Directors of Aba Ali Habib Securities Private Limited ("Company") are pleased to present the Annual Audited Accounts along with the Auditor Report for the year ended June 30, 2021.

## FINANCIAL PERFORMANCE

During 2021, Pakistan's economy showed mixed performance. Pakistan's economy is on the path to recovery, supported by promising growth in the industry and services sectors. The continued rollout of the COVID-19 vaccination program, structural reforms, and the expansion of social protection programs are all key to ensuring inclusive and sustainable growth. Fiscal incentives and policies to boost export competitiveness, bolster the performance of the manufacturing sector, and augment private investment will continue to play an instrumental role in strengthening the economic outlook.

The Company recorded a revenue growth of 54% for the year ended 2021. Same, the Earning per share has been increased by 20.37 per share against previous year. The company continues to be committed to enhancing its product base through innovation and governance structure which remains an integral part of the Company's vision to positively enhance the quality services for its clients. The overview of the financial performance is as follow;

| PKR Million | 2021 | 2020 |
|---|---|---|
| Operating revenue | 117.49 | 75.82 |
| Gross profit/(loss) | 403.63 | 3.39 |
| Profit/(loss) before tax | 416.92 | 5.38 |
| Profit/(loss) after tax | 409.94 | 2.64 |
| EPS | 20.50 | 0.13 |

## FUTURE OUTLOOK

The evolution of the pandemic, the availability and accessibility of the vaccine, digitalization, fluctuating demand and supply patterns along with the external trade conditions will be the key factors for the economic outlook of the country and growth of the Company. Despite all the challenges, the Company remains cautiously optimistic about the performance in the coming year on the back of strong growth strategy and highly committed workforce supported by continuous initiatives for operational excellence. Company shall remain committed to delivering quality services, offering product diversification to its customer and the Company will continue to work tirelessly to keep its employees, business partners and communities in their investment growth.

## PRINCIPAL RISK & UNCERTAINTY

The principal risks and uncertainties impacting our business include:

- Economic conditions impacting the market trends.
- Increase in operational cost due to rising inflation and likely further devaluation of the currency.
- Macroeconomic uncertainties which might affect customer's investment and savings.

## Auditor

The auditor of the company M/S Naveed Zafar Jaffery & Co., Chartered Accountants retire at the conclusion of the AGM and being offer themselves for reappointment as the auditor for the next year.

**FOR AND ON BEHALF OF THE**
**BOARD OF DIRECTORS.**

**Aba Ali Habib**
Director

Place: Karachi
Dated: 15 October, 2021

# ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
# FINANCIAL STATEMENTS
# FOR THE YEAR ENDED
# JUNE 30, 2021

# ABA ALI HABIB SECURITIES (PRIVATE) LIMITED

**Naveed Zafar Ashfaq Jaffery & Co.**
**Chartered Accountants**

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# INDEPENDENT AUDITORS' REPORT
# TO THE MEMBERS OF ABA ALI HABIB SECURITIES (PRIVATE) LIMITED

## Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of **Aba Ali Habib Securities (Private) Limited** (the Company), 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 profit, other 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 but does not include the financial statements and our auditor's report thereon.

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

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

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**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 scepticism 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.

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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.

The engagement partner on the audit resulting in this independent auditor's report is **Ahsan Elahi Vohra - FCA**

Naveed Zafar Ashfaq Jaffery
**Chartered Accountants**

Dated : 07 OCT 2021
Karachi :

# ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
## STATEMENT OF FINANCIAL POSITION
## AS AT JUNE 30, 2021

| | Notes | 2021 | 2020 |
|---|---|---|---|
| | | ---------- (Rupees) ---------- | |
| **EQUITY AND LIABILITIES** | | | |
| **Share capital and reserves** | | | |
| **Authorized share capital** | | | |
| 20,000,000 (2020: 20,000,000) Ordinary Shares of Rs. 10/- each | | **200,000,000** | 200,000,000 |
| Issued, subscribed and paid-up capital | 5 | **200,000,000** | 200,000,000 |
| Unappropriated profit | | **786,489,516** | 376,549,184 |
| | | **986,489,516** | 576,549,184 |
| **Non Current liabilities** | | | |
| Deferred taxation | 6 | **287,069** | 853,602 |
| **Current liabilities** | | | |
| Trade and other payables | 7 | **215,204,644** | 147,169,047 |
| Short term borrowings | 8 | **37,172,501** | 420,201,208 |
| Accrued markup | | **5,880,664** | 4,653,368 |
| | | **258,257,809** | 572,023,623 |
| **TOTAL EQUITY AND LIABILITIES** | | **1,245,034,394** | 1,149,426,409 |
| **Contingencies and commitments** | 9 | - | - |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | 10 | **11,112,145** | 9,562,286 |
| Intangible assets | 11 | **2,500,000** | 2,500,000 |
| Long term deposits | 12 | **2,185,000** | 1,685,000 |
| Long term investment | 13 | **8,439,750** | 8,439,750 |
| | | **24,236,895** | 22,187,036 |
| **Current assets** | | | |
| Trade debts - considered good | 14 | **132,674,648** | 7,579,494 |
| Receivable against margin financing | 15 | **51,108,757** | 24,265,385 |
| Receivable against margin trading | 16 | **267,342,939** | - |
| Short term investments | 17 | **466,165,537** | 844,304,241 |
| Short term deposits | 18 | **86,696,964** | 2,735,807 |
| Advances and other receivables | 19 | **2,285,450** | 2,314,865 |
| Advance tax - net of provision | | **124,186,912** | 120,745,578 |
| Cash and bank balances | 20 | **90,336,292** | 125,294,004 |
| | | **1,220,797,499** | 1,127,239,373 |
| **TOTAL ASSETS** | | **1,245,034,394** | 1,149,426,409 |

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

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**Chief Executive** **Director**

**ABA ALI HABIB SECURITIES (PRIVATE) LIMITED**
**STATEMENT OF PROFIT OR LOSS**
**FOR THE YEAR ENDED JUNE 30, 2021**

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | ---------- (Rupees) | ---------- |
| Operating revenue | 21 | **117,489,117** | 75,822,214 |
| Capital gain/(loss) on sale of equity securities at FVTPL-net | | **90,616,278** | (5,228,661) |
| Gain on re-measurement of equity securities at FVTPL- net | | **296,782,789** | 6,002,559 |
| | | **504,888,184** | 76,596,112 |
| Administrative expenses | 22 | **(101,257,938)** | (73,199,719) |
| **Operating income** | | **403,630,246** | 3,396,392 |
| Other income | 23 | **33,019,126** | 16,927,315 |
| | | **436,649,372** | 20,323,707 |
| Finance costs | 24 | **(19,731,699)** | (14,941,312) |
| **Profit before taxation** | | **416,917,673** | 5,382,395 |
| Taxation | 25 | **(6,977,341)** | (2,747,323) |
| **Profit after taxation for the year** | | **409,940,332** | 2,635,073 |
| **Earning per share - basic and diluted** | 26 | **20.50** | 0.13 |

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

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**Chief Executive**

**Director**

**ABA ALI HABIB SECURITIES (PRIVATE) LIMITED**
**STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED JUNE 30, 2021**

| | 2021 | 2020 |
|---|---|---|
| | ---------- (Rupees) ---------- | |
| **Profit after taxation for the year** | **409,940,332** | 2,635,073 |
| Other comprehensive income | - | - |
| **Total comprehensive income for the year** | **409,940,332** | 2,635,073 |

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

**Chief Executive**

**Director**

**ABA ALI HABIB SECURITIES (PRIVATE) LIMITED**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED JUNE 30, 2021**

| | 2021 | 2020 |
|---|---|---|
| | ---------- (Rupees) | ---------- |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | **416,917,673** | 5,382,395 |
| **Adjustments for :** | | |
| - Depreciation | **1,971,141** | 2,390,571 |
| - Capital (gain)/loss on sale of investment | **(90,616,278)** | 5,228,661 |
| - Unrealized (gain) in the value of investment at 'fair value through profit or loss' | **(296,782,789)** | (6,002,559) |
| - Dividend income | **(29,310,638)** | (13,183,140) |
| - Finance income | **(1,461,755)** | (2,255,158) |
| - Finance cost | **18,509,122** | 14,941,312 |
| | **(397,691,198)** | 1,119,687 |
| **Cash generated from operating activities before working capital changes** | **19,226,476** | 6,502,082 |
| **(Decrease) /Increase in current assets:** | | |
| Trade debts - considered good | **(125,095,154)** | 131,417,896 |
| Receivable against margin financing | **(26,843,372)** | - |
| Receivable against margin trading | **(267,342,939)** | - |
| Advances and other receivables | **1,751,382** | 66,146,820 |
| Short term deposits | **(83,961,157)** | 12,795,208 |
| **Increase in current liabilities:** | | |
| Trade and other payables | **68,035,597** | 12,273,931 |
| | **(433,455,643)** | 222,633,855 |
| Finance cost paid | **(17,281,827)** | (12,767,201) |
| Taxes paid | **(10,985,208)** | (5,888,270) |
| **Net cash (used in)/generated from operating activities** | **(442,496,202)** | 210,480,465 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Acquisition of property and equipment | **(3,521,000)** | - |
| Payment for / proceeds from short term investment | **765,537,770** | (262,423,350) |
| Dividend income | **27,588,671** | 13,183,140 |
| Finance income | **1,461,755** | 2,255,158 |
| Long term deposits | **(500,000)** | 430,000 |
| **Net cash generated from/(used in) investing activities** | **790,567,197** | (246,555,051) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Short term loans from related parties- unsecured | **-** | (68,143,873) |
| Short term borrowings | **(383,028,707)** | 196,823,858 |
| **Net cash (used in)/generated from financing activities** | **(383,028,707)** | 128,679,985 |
| **Net (decrease)/increase in cash and cash equivalents during the year** | **(34,957,712)** | 92,605,399 |
| Cash and cash equivalents at the beginning of the year | **125,294,004** | 32,688,605 |
| **Cash and cash equivalents at the end of the year** | **90,336,292** | 125,294,004 |

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

**Chief Executive** **Director**

**ABA ALI HABIB SECURITIES (PRIVATE) LIMITED**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED JUNE 30, 2021**

| | Issued, subscribed and paid-up capital | Unappropriated profit | Total |
|---|---|---|---|
| **Balance as at June 30, 2019** | **200,000,000** | **373,914,111** | **573,914,111** |
| Total Comprehensive income for the year ended June 30, 2020 | - | 2,635,073 | 2,635,073 |
| **Balance as at June 30, 2020** | **200,000,000** | **376,549,184** | **576,549,184** |
| Total Comprehensive income for the year ended June 30, 2021 | - | 409,940,332 | 409,940,332 |
| **Balance as at June 30, 2021** | **200,000,000** | **786,489,516** | **986,489,516** |

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

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**Chief Executive** **Director**

# ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED JUNE 30, 2021

## 1 LEGAL STATUS AND NATURE OF BUSINESS

Aba Ali Habib Securities (Private) Limited The company was incorporated on 8th May 1996 as a private limited company under the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017).

The Company is a TREC (Trading Right Entitlement Certificate) holder of Pakistan Stock Exchange Limited (Formerly: Karachi Stock Exchange Limited). The Company is principally engaged in brokerage of shares, stocks, securities, securities research and other related services. The registered office of the company is 419, Stock Exchange Building, Stock Exchange Road, Karachi.

## 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:

i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017 (the 'Act'); and

ii) Provisions of and directives issued under the Companies Act 2017.

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

### 2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except, for certain property and equipment and intangible assets, which have been stated at revalued amounts and financial assets and financial liabilities which have been stated at their fair values.

### 2.3 Functional and presentation currency

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

### 2.4 Significant accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience, industry trends, legal and technical pronouncements and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these financial statements relate to the following:

(a) determination of the residual values and useful lives of property and equipments and intangible assets (note 4.1 & 4.3)

(b) Trade debts (note 4.9)

(c) current tax and deferred tax (note 4.10)

(d) Provisions (note 4.12)

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## 3 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENT

### a) Standards and amendments to approved accounting standards that are

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for annual accounting period which began on July 1, 2020. However, these do not have any significant impact on these financial statements.

### b) Standard and amendments to approved accounting standards that are not yet effective

There is a standard and certain other amendments to the accounting and reporting standards that will be mandatory for the annual accounting periods beginning on or after July 1, 2021. However, these are considered either not to be relevant or to have any significant impact on the financial statements and, therefore, have not been disclosed in these financial statements.

## 4 SUMMARY SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies and methods of computation have been consistently applied to all the periods presented, unless otherwise stated.

### 4.1 Property and equipment

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies and methods of computation have been consistently applied to all the periods presented, unless otherwise stated.

**Owned**

Property and equipment (except for office premises) are stated at cost less accumulated depreciation and impairment losses, if any. Office premises are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Depreciation is charged to profit and loss account by applying the reducing balance method systematically on yearly basis at the rates specified in note 10. Depreciation on additions to property and equipment is charged from the month in which an item is acquired while no depreciation is charged in the month the item is disposed off. Surplus on revaluation of property and equipment is credited to surplus on revaluation of fixed assets account. To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation of fixed assets - net of deferred tax is transferred directly to equity.

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such an indication exists the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amount; and the impairment losses are recognised in the profit and loss account.

The residual value, depreciation method and the useful lives of each part of property and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of assets, if any are included in profit and loss account for the current year.

Normal repairs and maintenance costs are charged to profit and loss account in the period of its occurrence, while major renovations and improvements are capitalized only when it is probable that the future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Disposal of assets is recognized when significant risk and rewards incidental to the ownership have been transferred to the buyers.

### 4.2 Leased

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the leases are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets by applying straight line method systematically on yearly basis.

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**4.3 Intangible assets**

This represents Trading Right Entitlement Certificate of Pakistan Stock Exchange.

TRE Certificate is considered to have indefinite useful life and stated at revalued amount. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and when carrying value exceeds estimated recoverable amount, these are written to their estimated recoverable amount.

**4.4 Borrowing costs**

Borrowing costs are interest or other costs incurred by the Company in connection with the borrowing of funds. Borrowing cost that is directly attributable to a qualifying asset, i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, is capitalized as part of cost of that asset. All other borrowing costs are charged to income in the period in which they are incurred.

**4.5 Financial assets**

**4.4.1 Classification and initial measurement**

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

(a) financial assets measured at amortized cost.

(b) fair value through other comprehensive income (FVOCI);

(c) fair value through profit or loss (FVTPL); and

*(a) Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

*(b) Financial assets at FVOCI*

A financial asset is classified as at fair value through other comprehensive income when either:

(a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or

(b) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company to at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

*(c) Financial assets at FVTPL*

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

**4.4.2 Subsequent measurement**

*(a)* Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the profit and loss account.

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*(b)* *Financial assets at FVOCI*

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in profit or loss.

*(c)* *Financial assets at FVTPL*

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in profit and loss account.

**4.4.3 Impairment**

The Comapany's only financial asset that is subject to the impairment requirements of IFRS 9 is trade receivables.

The Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Company measures expected credit losses on trade receivables in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit and loss account, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

**4.4.4 De-recognition**

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Modaraba has transferred substantially all risks and rewards of ownership.

**4.6 Financial liabilities**

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit and loss account.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

**4.7 Non-financial assets**

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

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

**4.8 Long term deposits**

These are stated at cost which represents the fair value of consideration given.

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**4.9 Trade debts**

Trade and other receivables are recognized at fair value and subsequently measured at amortised cost less impairment losses, if any.Actual credit loss experience over past years is used to base the calculation of expected credit loss. Trade and other receivables considered irrecvoacble are written off.

**4.10 Taxation**

***Current***

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

***Deferred***

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is not recognised for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill. be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

**4.10 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. Revenue is recognized on the following basis:

- Brokerage income is recognized as and when such services are provided.
- Interest income is recognized at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.

-Unrealized capital Gains / (losses) arising from mark to market of investments classified as at financial assets at fair value through profit or loss are included in profit and loss account for the period in which they arise.

**4.11 Expenses**

All expenses are recognized in the profit and loss account on an accrual basis.

**4.12 Provisions**

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

**4.13 Creditors, accrued and other liabilities**

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

### 4.14 Dividend

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

### 4.15 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Running finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of cash flow statement.

### 4.16 Earning per share

Earning per share is calculated by dividing the profit after taxation for the year by the weighted average number of shares outstanding during the year.

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| | Note | 2021 | 2020 |
|---|---|---|---|
| | | ---------- (Rupees) ---------- | |

## 5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

This comprises fully paid-up ordinary shares of Rs. 10 each as follows:

| 2021 | 2020 | | | |
|---|---|---|---|---|
| ------ (No. of shares) ------ | | | | |
| 6,500,000 | 6,500,000 | Issued for cash | 65,000,000 | 65,000,000 |
| 13,500,000 | 13,500,000 | Issued otherwise than in cash | 135,000,000 | 135,000,000 |
| 20,000,000 | 20,000,000 | | 200,000,000 | 200,000,000 |

## 6 DEFERRED TAXATION

| | 2021 | 2020 |
|---|---|---|
| Opening deferred tax liability | 853,602 | 1,207,954 |
| (Reversal) during the year | (566,533) | (354,352) |
| Closing deferred tax liability | 287,069 | 853,602 |

**Deferred tax liability arising in respect of**

| | 2021 | 2020 |
|---|---|---|
| Accelerated tax depreciation allowance | 989,893 | 2,943,454 |

## 7 TRADE AND OTHER PAYABLES

| | Note | 2021 | 2020 |
|---|---|---|---|
| Trade payables | 7.1 | 89,665,409 | 123,779,699 |
| Future profit and cash margin withheld | | 113,920,756 | 18,513,872 |
| Sales tax payable | | 1,356,080 | 431,947 |
| Withholding tax payable | | 1,776,308 | 315,966 |
| CDC and NCSS payable | | 3,856 | 830,824 |
| Accrued expenses | | 2,590,990 | 602,238 |
| Dealers payable | | 3,481,920 | 1,266,399 |
| Other payables | | 2,409,325 | 1,428,101 |
| | | 215,204,644 | 147,169,047 |

**7.1** This includes amounting to Rs. 18,475 pertaining to related party (2020: 68,143,873)

## 8 SHORT TERM BORROWINGS - SECURED

From banking companies and other financial institutions other than related parties:

| | Note | 2021 | 2020 |
|---|---|---|---|
| JS Bank Limited | 8.1 | 1,104,008 | 116,269,176 |
| Soneri Bank Limited | 8.2 | 2,054,396 | 131,004,908 |
| Askari Bank Limited | 8.3 | 777,113 | 1,259,264 |
| Bank Alfalah Limited | 8.4 | 4,877,079 | 171,667,860 |
| Bank Al Habib Limited | 8.5 | 28,359,905 | |
| | | 37,172,501 | 420,201,208 |

**8.1** The Company has a running finance facility amounting upto Rs. 300 million (2020: 300 M) from the JS Bank Limited. This arrangement carries mark-up @ 1 month KIBOR + 2% per annum. This arrangement is secured by pledge of shares and personal guarantee of director Mr. Aba Ali Habib.

**8.2** The Company has a running finance facility amounting upto Rs. 300 million (2020: 300 million) from Soneri Bank Limited . This arrangement carries mark-up @ 3 months KIBOR + 1.5% per annum . This arrangement is secured against pledge of shares of companies registered in CDC on as per bank's approved list and personal guarantees of director Mr. Aba Ali Habib.

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**8.3** The Company has a running finance facility amounting upto Rs. 300 million (2020: 300 million) from the Askari Bank Limited for one year. This arrangement carries mark-up @ 3 months KIBOR + 1.5% per annum. This arrangement is secured against pledges over shares/ Third party shares as per bank's approved FAS list. Facility to be allowed against 'A' , 'B' & C category scripts with 30%, 40% & 50% margin respectively and personal guarantees of director Mr. Aba Ali Habib.

**8.4** The Company has a running finance facility amounting upto Rs. 200 million (2020: 200 million) from the Bank alfalah Limited for one year. This arrangement carries mark-up @ 3 months KIBOR + 1.5% per annum. This arrangement is secured against pledge of shares in CDC acceptable to BAFL as per RMD approved list valuing Rs. 333.333 M with 40% margin or as per SBP requirement whichever is high and personal guarantees of directors Mr. Aba Ali Habib and Mr. Zahid Ali Habib.

**8.5** The Company has a running finance facility amounting upto Rs. 200 million (2020: Nil) from the Bank Al Habib Limited. This arrangement carries mark-up @ 1 month KIBOR + 1.5% per annum. This arrangement is secured by singed promissory notes, lein/pledge over diversified portfolio of shares at 40% margin and personal guarantee of all directors (Mr. Aba Ali Habib, Mrs. Farida and Muhammad Zahid Ali).

## 9 CONTINGENCIES AND COMMITMENTS

***Contingencies***

There are no contingencies as at June 30, 2021 (2020: Nil).

***Commitments***

A bank guarantee of Rs. 35 million (2020: Rs. 35 million) has been provided to National Clearing Company of Pakistan Limited for deposit of Margin/Exposure to National Clearing Company of Pakistan Limited against the security of pledge of shares and personal guarantee of director Mr. Aba Ali Habib.

| | | Note | 2021 | 2020 |
|---|---|---|---|---|
| | | | ---------- (Rupees) | ---------- |
| **10** | **PROPERTY AND EQUIPMENT** | **10.1** | **11,112,145** | 9,562,286 |
| **11** | **INTANGIBLE ASSETS** | | | |
| | Trading Right Entitlement Certificate | **11.1** | **2,500,000** | 2,500,000 |
| | | | **2,500,000** | 2,500,000 |

**11.1** This amount represent Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. Psx vide notice no. PSX/N-7178, has indicated the notional value of TREC at Rs. 2.5 million.

## 12 LONG TERM DEPOSITS

| | 2021 | 2020 |
|---|---|---|
| Clearing house deposit | **200,000** | 200,000 |
| Pakistan Stock Exchange | **10,000** | 10,000 |
| Booth deposit | **75,000** | 75,000 |
| SLB exposure | **100,000** | 100,000 |
| National Clearing Company of Pakistan Limited | **1,200,000** | 1,200,000 |
| PMEX deposit | **500,000** | - |
| Central Depository Company | **100,000** | 100,000 |
| | **2,185,000** | 1,685,000 |

## 13 LONG TERM INVESTMENTS

| | Note | 2021 | 2020 |
|---|---|---|---|
| Unqouted Equity Securities | **13.1** | **8,439,750** | 8,439,750 |

**13.1** This represents 843,975 share of Lahore Stock Exchange Limited purchased at par value of Rs. 10 and having fair value on equity method basis is Rs. 24.33 per share.

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10.1

**2021**

| | Furniture and fixtures | Motor vehicle | Computer and accessories | Total |
|---|---|---|---|---|
| **COST** | | | | |
| **As at July 1, 2020** | **200,000** | **13,728,250** | **100,000** | **14,028,250** |
| Additions during the year | - | 3,521,000 | - | 3,521,000 |
| Disposal during the year | - | - | - | - |
| **As at June 30, 2021** | **200,000** | **17,249,250** | **100,000** | **17,549,250** |
| **ACCUMULATED DEPRECIATION** | | | | |
| **As at July 1, 2020** | 187,115 | 4,185,292 | 93,558 | 4,465,964 |
| For the year | 2,577 | 1,967,275 | 1,288 | 1,971,141 |
| On disposals | - | - | - | - |
| Impairment | - | - | - | - |
| **As at June 30, 2021** | **189,692** | **6,152,567** | **94,846** | **6,437,105** |
| **Written down value as at 30 June 2021** | **10,308** | **7,575,683** | **5,154** | **11,112,145** |

2020

| | Furniture and fixtures | Motor vehicle | Computer and accessories | Total |
|---|---|---|---|---|
| COST | | | | |
| As at July 1, 2019 | 200,000 | 13,728,250 | 100,000 | 14,028,250 |
| Additions during the year | - | - | - | - |
| Disposal during the year | - | - | - | - |
| As at June 30, 2020 | 200,000 | 13,728,250 | 100,000 | 14,028,250 |
| ACCUMULATED DEPRECIATION | | | | |
| As at July 1, 2019 | 183,894 | 1,799,552 | 91,947 | 2,075,393 |
| For the year | 3,221 | 2,385,740 | 1,611 | 2,390,571 |
| On disposals | - | - | - | - |
| Impairment | - | - | - | - |
| As at June 30, 2020 | 187,115 | 4,185,292 | 93,558 | 4,465,964 |
| Written down value as at June 30, 2020 | 12,885 | 9,542,958 | 6,442 | 9,562,286 |
| Depreciation rates per annum (%) | 20 | 20 | 20 | |

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**14 TRADE DEBTS - CONSIDERED GOOD**

| | | | |
|---|---|---|---|
| Trade debts- considered good | 14.1 & 14.2 & 14.3 | **132,674,648** | 7,579,494 |
| | | **132,674,648** | 7,579,494 |

**14.1** This includes cash margin receivable from Abid Ali Habib amounting to Rs. 94.3 million against Deliverable futures contracts (DFC).

**14.2 Aging analysis**

| | | |
|---|---|---|
| Within 5 days | **115,828,648** | 3,656,509 |
| Above 5 days | **16,846,000** | 3,922,985 |
| | **132,674,648** | 7,579,494 |

**14.3** This includes Rs. 17.078 million (2020-Nil) from related parties.

**15 RECEIVABLE AGAINST MARGIN FINANCING**

| | | | |
|---|---|---|---|
| Considered good | **15.1** | **51,108,757** | 24,265,385 |

**15.1** This includes Margining financing facility provided to clients on markup basis ranging from 14% to 16% (2020 : 12% to 18 %) per annum.

**16 RECEIVABLE AGAINST MARGIN TRADING**

| | | | |
|---|---|---|---|
| Considered good | **16.1** | **267,342,939** | - |

**16.1** This includes Margining trading facility provided to members on markup basis ranging from 10% to 15% per annum.

**17 SHORT TERM INVESTMENTS - (at fair value through profit or loss )**

| | | |
|---|---|---|
| Quoted equity securities | **466,165,537** | 844,304,241 |
| | **466,165,537** | 844,304,241 |

**18 SHORT TERM DEPOSITS**

| | | | |
|---|---|---|---|
| MTS and DFC deposit with NCCPL | **18.1** | **86,696,964** | 2,735,807 |

**18.1** This represents amounts of deposits held at the year end against exposure arising out of trading in securities in accordance with the regulation of PSX and NCCPL, respectively.

| | | | |
|---|---|---|---|
| | | **2021** | 2020 |
| | | ---------- **(Rupees)** ---------- | |
| **19 ADVANCES AND OTHER RECEIVABLES** | | | |
| Advance to staff | | **301,518** | 275,747 |
| Other receivables | | **1,983,932** | 2,039,118 |
| | | **2,285,450** | 2,314,865 |
| **20 CASH AND BANK BALANCES** | | | |
| In hand | | **568,981** | 3,566 |
| At banks: | | | |
| - Current accounts | **20.1** | **89,716,311** | 124,635,961 |
| - Saving accounts | **20.2** | **51,000** | 654,477 |
| | | **90,336,292** | 125,294,004 |

**20.1** This include Rs 89.665 million pertaining to clients.

**20.2** Intrest rate on saving accounts ranges from 4% to 7% (2020: from 10% - 15%) per annum.

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| | | Note | 2021 | 2020 |
|---|---|---|---|---|
| | | | ---------- (Rupees) ---------- | |
| **21** | **OPERATING REVENUE** | | | |
| | Brokerage income | | **100,832,588** | 51,531,196 |
| | Income from MFS & MTS | | **9,687,244** | 20,519,017 |
| | IPO and book building commission | | **6,969,285** | 3,772,000 |
| | | | **117,489,117** | 75,822,214 |

| | | Note | 2021 | 2020 |
|---|---|---|---|---|
| **22** | **ADMINISTRATIVE AND OPERATING EXPENSES** | | | |
| | Salaries, commission and allowances | | **45,097,669** | 36,617,662 |
| | Electricity charges | | **1,632,033** | 2,562,076 |
| | Rent expense | | **853,636** | 839,600 |
| | Laga expenses | | **38,034,025** | 16,667,155 |
| | CDC charges | | **3,666,748** | 2,342,345 |
| | Travelling expenses | | **231,110** | 175,881 |
| | Office repair and maintenance | | **158,438** | 885,980 |
| | Legal and professional charges | | **1,145,716** | 599,675 |
| | Auditors' remuneration | **22.1** | **350,000** | 325,000 |
| | Telephone and mobile | | **781,283** | 825,813 |
| | Depreciation | **10.1** | **1,971,141** | 2,390,571 |
| | Printing and stationery | | **125,708** | 225,850 |
| | Computer hardware and software fees | | **71,152** | 2,790,196 |
| | Entertainment expenses | | **893,947** | 989,015 |
| | Vehicle running expense | | **-** | 461,990 |
| | IT service charges | | **2,750,367** | |
| | Miscellaneous and general expenses | | **97,537** | 1,265,319 |
| | Donations | **22.2** | **2,005,919** | 2,709,777 |
| | Courier and postage | | **31,509** | 55,814 |
| | Marketing | | **1,360,000** | 470,000 |
| | | | **101,257,938** | 73,199,719 |

| | | 2021 | 2020 |
|---|---|---|---|
| **22.1** | **Auditors' remuneration** | | |
| | Audit fee | **150,000** | 125,000 |
| | Other certifications | **200,000** | 200,000 |
| | | **350,000** | 325,000 |

**22.2** Company has paid donation to different approved instiution during the year and director has no intrest there in.

| | | 2021 | 2020 |
|---|---|---|---|
| **23** | **OTHER INCOME** | | |
| | Profit on saving accounts | **1,461,755** | 2,255,158 |
| | Profit on exposure deposit | **2,246,732** | 1,489,016 |
| | Dividend income | **29,310,638** | 13,183,140 |
| | | **33,019,126** | 16,927,315 |

| | | 2021 | 2020 |
|---|---|---|---|
| **24** | **FINANCE COSTS** | | |
| | Bank charges | **1,222,576** | 581,317 |
| | Mark-up on running finance | **18,509,122** | 14,359,995 |
| | | **19,731,699** | 14,941,312 |

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| | Note | 2021 | 2020 |
|---|---|---|---|
| | | ---------- (Rupees) ---------- | |

## 25 TAXATION

| | | | |
|---|---|---|---|
| Current tax | | 8,314,940 | 3,101,675 |
| Prior years adjustment | | (771,066) | - |
| | | 7,543,874 | 3,101,675 |
| Deferred (income) | | (566,533) | (354,352) |
| | | 6,977,341 | 2,747,323 |

## 26 EARNING/(LOSS) PER SHARE - BASIC AND DILUTED

| | | | |
|---|---|---|---|
| Profit after taxation for the year | | 409,940,332 | 2,635,073 |
| Weighted average number of ordinary shares | (No. of shares) | 20,000,000 | 20,000,000 |
| Earning per share - basic and diluted | | 20.50 | 0.13 |

## 27 CASH AND CASH EQUIVALENTS

| | | | |
|---|---|---|---|
| Cash and bank balances | | 90,336,292 | 125,294,004 |
| | | 90,336,292 | 125,294,004 |

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28 **REMUNERATION OF THE CHIEF EXECUTIVE AND DIRECTORS**

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the chief executive and directors of the Company are given below:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | **Chief Executive** | **Director** | Chief Executive | Directors |
| | | **Rupees** | | |
| Basic | **720,000** | - | 720,000 | 1,083,725 |
| Conveyance | **240,000** | - | 240,000 | 361,242 |
| Utility | **180,000** | - | 180,000 | 270,931 |
| House rent allowance | **60,000** | - | 60,000 | 90,310 |
| Total | **1,200,000** | - | 1,200,000 | 1,806,209 |
| No of person(s) | 1 | 0 | 1 | 2 |

28.1 The Chief Executive Officer is provided with the Company maintained car, in accordance with the Company policy.

29 **TRANSACTIONS WITH RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes major shareholders, associated companies with or without common directors, retirement benefit funds and directors and key management personnel and their close family members. Amounts due from/to related parties, and remuneration of directors and executives are disclosed in the relevant notes.

| | **2021** | 2020 |
|---|---|---|
| | **(Rupees)** | |
| **Associated Company** | | |
| **Abid Ali Habib Securities Private Limited** | | |
| Short Term Loan From Related Parties | | |
| Opening Balance | - | 68,147,873 |
| Received During the year | - | - |
| Transfer during the year | - | (68,147,873) |
| Closing Balance | - | - |
| **Abid Ali Habib Securities Private Limited** | | |
| Amount paid during the year | **76,467,529** | |
| **Zahid Ali Habib** | | |
| Loan obtained | **210,582,661** | - |
| Loan returned | **210,582,661** | - |
| **Aba Ali Habib** | | |
| Amount received during the year | **68,666,751** | - |
| Amount paid during the year | **59,904,848** | - |
| **Commission earned from related parties** | **3,740,392** | |
| **Balances with related parties** | | |
| Abid Ali Habib Securities (pvt) Ltd | **8,319,656** | (68,143,873) |
| Aba Ali habib | **8,761,903** | - |
| Farida Haji Karim | **18,475** | |

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## 30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Board of Directors of the Company has overall responsibility for the establishment and oversight of Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

### 30.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placement or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

**Exposure to credit risk**

Credit risk of the Company arises principally from trade debts, loans and advances, trade deposits, bank balances and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits accordingly to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are salted / paid for upon delivery.

The maximum exposure to credit risk at the reporting date is as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | ---------- (Rupees) | ---------- |
| Long term investment | 13 | 8,439,750 | 8439750 |
| Long term deposits | 12 | 2,185,000 | 1,685,000 |
| Trade debts - considered good | 14 | 451,126,344 | 31,844,878 |
| Short term deposits | 18 | 86,696,964 | 2,735,807 |
| Advances and other receivables | 19 | 2,285,450 | 2,314,865 |
| Bank balances | 20 | 90,336,292 | 125,294,004 |
| Investment | 17 | 466,165,537 | 844,304,241 |
| | | 1,107,235,336 | 1,016,618,545 |

All balances are denominated in local currency.

**Bank Balances**

The analysis below summarizes the credit quality of the Company's bank balances (including profit receivables) as at June 30, 2021 and June 30, 2020:

| | 2021 | 2020 |
|---|---|---|
| Bank balances | 89,767,311 | 125,290,438 |

The credit quality of the Company's cash and cash equivalents, held with various commercial banks and financial institutions is assessed with reference to external credit ratings thereof, ranging from AAA to BBB assigned by reputable credit rating agencies.

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## 30.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulties in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company' s treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The following are the contractual maturities of financial liabilities:

| | 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | Two to five years | More than five years |
| | | ------Rupees------ | | | | |
| **Financial liabilities** | | | | | | |
| Trade and other payables | **215,204,644** | **215,204,644** | - | - | - | - |
| Accrued mark-up | **5,880,664** | **5,880,664** | - | - | - | - |
| Shor Term Borrowing | **37,172,501** | **37,172,501** | | | | |
| | **258,257,809** | **258,257,809** | - | - | - | - |

| | 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | Two to five years | More than five years |
| | | ------Rupees------ | | | | |
| Financial Liabilities | | | | | | |
| Trade and other payables | 147,169,047 | 147,169,047 | - | - | - | - |
| Accrued mark-up | 4,653,368 | 4,653,368 | - | - | - | - |
| Shor Term Borrowing | 420,201,208 | 420,201,208 | | | | |
| | 572,023,623 | 572,023,623 | - | - | - | - |

## 30.3 Market risk

Market risk is the risk that the value of a financial instruments may fluctuate as a result of changes in market interest rates or the market prices due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manage market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. The Company is exposed to interest rate risk and other price risk only.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was as follows:

| | 2021 | 2020 |
|---|---|---|
| | ---------- (Rupees) ---------- | |
| *Fixed rate investment* | | |
| - Bank balances in profit and loss sharing accounts | **89,767,311** | 125,290,438 |
| - Receivable against margin financing | **51,108,757** | 24,265,385 |
| - Receivable against margin trading | **267,342,939** | - |
| | **408,219,006** | 149,555,822 |

The Company have fixed rate financial instrument at fair value through profit or loss.

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**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

**Other price risk**

Other price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of change in market prices (other than arising from interest rate risk or currency risk) whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

Presently, the Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities.

**Interest rate sensitivity analysis**

A summary of the Company's interest rate gap position, categorized by the earlier of contractual re-pricing or maturity dates as at year end was as follows:

| | 2021 | | | |
|---|---|---|---|---|
| | **Effective rate of mark-up / return (%)** | **Exposed to interest rate risk** | **Not exposed to interest rate risk** | **Total** |
| | -----Rupees----- | | | |
| ***Financial assets*** | | | | |
| Long term deposits | - | - | 2,185,000 | 2,185,000 |
| Trade debts | - | - | 132,674,648 | 132,674,648 |
| Advances and other receivables | - | - | 86,696,964 | 86,696,964 |
| Short term deposits | - | - | 2,285,450 | 2,285,450 |
| Receivable against margin financing | 14% TO 16% | 51,108,757 | - | 51,108,757 |
| Receivable against margin trading | 10% to 15% | 267,342,939 | - | 267,342,939 |
| Short term investments | - | - | 466,165,537 | 466,165,537 |
| Bank balances | 10% to 15% | 51,000 | 90,285,292 | 90,336,292 |
| | | 318,502,696 | 780,292,891 | 1,098,795,586 |
| ***Financial liabilities*** | | | | |
| Trade and other payables | - | - | 215,204,644 | 215,204,644 |
| short term borrowings | Variable | 37,172,501 | - | 37,172,501 |
| Accrued mark-up | Variable | 5,880,664 | - | 5,880,664 |
| | | 43,053,164 | 215,204,644 | 258,257,809 |
| Cumulative gap | | 275,449,531 | 565,088,246 | 840,537,778 |

| | 2020 | | | |
|---|---|---|---|---|
| | Effective rate of mark-up / return (%) | Exposed to interest rate risk | Not exposed to interest rate risk | Total |
| | -----Rupees----- | | | |
| *Financial assets* | | | | |
| Long term deposits | - | - | 1,685,000 | 1,685,000 |
| Trade debts | - | - | 7,579,494 | 7,579,494 |
| Advances and other receivables | - | - | 2,735,807 | 2,735,807 |
| Short term deposits | - | - | 2,314,865 | 2,314,865 |
| Short term investments | 0 | - | 844,304,241 | 844,304,241 |
| Receivable against margin financing | 12% to 18% | 24,265,385 | - | 24,265,385 |
| Bank balances | 10% to 15% | 654,477 | 124,639,527 | 125,294,004 |
| | | 24,919,861 | 983,258,934 | 1,008,178,795 |

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| | | | | |
|---|---|---|---|---|
| *Financial liabilities* | | | | |
| Long term loans | | - | - | - |
| Trade and other payables | - | - | 147,169,047 | 147,169,047 |
| Short term loans from related parties- unsecured | | | - | - |
| short term borrowings | Variable | 420,201,208 | - | 420,201,208 |
| Accrued mark-up | Variable | 4,653,368 | - | 4,653,368 |
| | | 424,854,576 | 147,169,047 | 572,023,623 |
| Cumulative gap | | (399,934,715) | 836,089,886 | 436,155,172 |

### 30.4 Operational risk

Operational risk is the risk of direct and indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company' s operations either internally within the Company or externally at the Company' s service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arise from all of the Company' s activities.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirement for the reconciliation and monitoring of transaction;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirement for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

### 30.5 Capital Risk Management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

## 31 MEASURMENT OF FAIR VALUES

A number of the company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (Unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quote prices included in Level 1 that are observables for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:inputs for the asset or liability that are based on observable market data (unobservable inputs)

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If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy a, then the fair value measurements is categorized in its entirety in the same level of the fair value heirchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

At the year end, following financial instrument is carried at fair value which requires classification in the above mentioned levels

| | 2021 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | ------Rupees------ | | | |
| ***Financial Asset*** | | | | |
| Quoted equity securities | 466,165,537 | - | | 466,165,537 |

| | 2020 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | ------Rupees------ | | | |
| ***Financial Asset*** | | | | |
| Quoted equity securities | 844,304,241 | - | | 844,304,241 |

The company values its intangible assets at revalued amounts, consequently, they are stated at revalued amount, being the fair value at the date of revaluation, less any subsequent amortization and subsequent impairment losses, if any.

Details of the company's intangible assets and information about their fair value hierarchy as at June 30, 2021 and June 30, 2020 are as follows

| | 2021 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | ------Rupees------ | | | |
| Trading Right Entitlement Certificate (TREC) | - | **2,500,000** | | 2,500,000 |
| **As at June 30, 2021** | - | **2,500,000** | | 2,500,000 |

| | 2020 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | ------Rupees------ | | | |
| Trading Right Entitlement Certificate (TREC) | - | 2,500,000 | | 2,500,000 |
| **As at June 30, 2020** | - | 2,500,000 | | 2,500,000 |

There were no transfers between levels of hierarchy during the year.

## 32 BASE MINIMUM CAPITAL

In complinace with regulation 19.2 the rule book of PSX every TREC holder registered as a broker under brokers and agent registration rule 2001, is required to maintain base minimum capital in the and form as perscribed in the rule on the basis of assets under custody (AUC). As per said regulation as at 30 june 2021, the company is required to maintain BMC of Rs. 41.432 million.

The notional value of TREC and the breakup value of shares for the purpose BMC is determined by the PSX as under.

| | **30-Jun-21** | 30-Jun-20 |
|---|---|---|
| Investment in listed Securities | **38,932,102** | 27,769,482 |
| TREC | **2,500,000** | 2,500,000 |
| | **41,432,102** | 30,269,482 |

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## 33 CAPITAL ADEQUACY LEVEL

The Capital adequacy level as required by CDC is calculated as follows:

| | | |
|---|---|---|
| Total assets | **1,245,034,393** | 1,149,426,409 |
| Total liabilties | **(258,544,878)** | (572,023,623) |
| Capital adequacy level | **986,489,516** | 577,402,786 |

While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate as at year ended June 30,2021 as determined by Pakistan Stock Exchange has been considered.

### 33.1 Net capital balance of company

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

Net Capital and Liquid Capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirments are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

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## 33.2 NET CAPITAL BALANCE

| DESCRIPTION | VALUATION BASIS | VALUE (Amount in Rupees) | |
|---|---|---|---|
| ***CURRENT ASSETS*** | | | |
| Cash in hand | As per book value | 568,981 | |
| Cash at bank: | | | |
| - Pertaining to brokerage house | As per book value | 670,883 | |
| - Pertaining to clients | As per book value | 89,665,409 | |
| - Deposit against exposure and losses with Pakistan Stock Exchange | | 86,696,964 | |
| Total bank balances | As per book value | | 177,602,237 |
| Trade Receivable | | | |
| | Book Value | 451,126,344 | |
| | Less: overdue for more than 14 days | (2,006,581) | 449,119,763 |
| Investment in Listed Securities in the name of broker | | | |
| | Market value | 427,233,435 | |
| | Less: 15% discount | (64,085,015) | 363,148,420 |
| Securities purchased for client | Securities purchased for the client and held by the member where the payment has not been received within 14 days. | 1,198,145 | 1,198,145 |
| Listed Term Finance Certificates/Corporate Bonds | Market value | | |
| ( Not less than BBB grade) | Less: 10% discount | - | - |
| Federal Investment Bonds | Market value | - | |
| | Less: 5% discount | - | - |
| Treasury bills | Market value | | - |
| | | | 991,068,564 |
| ***CURRENT LIABILITIES*** | | | |
| Trade Payable | Book value | 89,665,409 | |
| | Less: Overdue for more than 30 days | (23,222,302) | 66,443,107 |
| Other liabilities | As classified under the generally accepted accounting principles. | | 168,592,400 |
| Overdue for more than 30 days | Overdue for more than 30 days | | 23,222,302 |
| | | | 258,257,808 |
| ***NET CAPITAL AS AT JUNE 30, 2021*** | | | 732,810,757 |

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| Computation of Liquid Capital | | | | |
|---|---|---|---|---|
| As on June 30, 2021 | | | | |
| | | | | |
| **1. Assets** | | | | |
| 1.1 | Property & Equipment | 11,112,145 | 100.00% | - |
| 1.2 | Intangible Assets | 2,500,000 | 100.00% | - |
| 1.3 | Investment in Govt. Securities (150,000*99) | | | |
| 1.4 | **Head of Account** | | | |
| | **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% | - |
| | iii. 10% of the balance sheet value, in the case of tenure of more than 3 years. | | 10.00% | - |
| | **If unlisted than:** | | | |
| | i. 10% of the balance sheet value in the case of tenure upto 1 year. | | 10.00% | - |
| | ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years. | | 12.50% | - |
| | iii. 15% of the balance sheet value, in the case of tenure of more than 3 years. | | 15.00% | - |
| 1.5 | **Investment in Equity Securities** | | | |
| | i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher. | 427,233,435 | 65,148,041 | 362,085,393 |
| | ii. If unlisted, 100% of carrying value. | 8,439,750 | 100.00% | - |
| | iii.Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been alloted or are not included in the investments of securities broker. | | | |
| 1.6 | Investment in subsidiaries | | 100.00% | - |
| 1.7 | **Investment in associated companies/undertaking** | | | |
| | i. If listed 20% or VaR of each securities as computed by the Securites Exchange for respective securities whichever is higher. | | | |
| | ii. If unlisted, 100% of net value. | | 100.00% | - |
| 1.8 | Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity. | 2,185,000 | 100.00% | - |
| 1.9 | Margin deposits with exchange and clearing house. | 86,696,964 | - | 86,696,964 |
| 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. | 1,721,967 | - | 1,721,967 |
| 1.14 | Amounts receivable against Repo financing.<br>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 | 301,518 | 100.00% | - |
| | ii. Receivables other than trade receivables | 261,965 | 100.00% | - |
| 1.16 | **Receivables from clearing house or securities exchange(s)** | | | |
| | 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains. | | | |
| | claims on account of entitlements against trading of securities in all markets including MtM gains. | | | |
| 1.17 | **Receivables from customers** | | | |
| | i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut.<br>***i. Lower of net balance sheet value or value determined through adjustments.*** | 51,108,757 | - | 51,108,757 |
| | ii. Incase receivables are against margin trading, 5% of the net balance sheet value.<br>***ii. Net amount after deducting haircut*** | 267,342,939 | 5.00% | 253,975,792 |
| | iii. Incase receivalbes are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract,<br>***iii. Net amount after deducting haricut*** | | | |
| | iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.<br>***iv. Balance sheet value*** | 98,750,289 | | 98,750,289 |
| | v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.<br>***v. Lower of net balance sheet value or value determined through adjustments*** | 16,846,000 | 1,198,145 | 1,198,145 |
| | ***vi. 100% haircut in the case of amount receivable form related parties.*** | 17,078,359 | 100.00% | - |

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| | | | | |
|---|---|---|---|---|
| 1.18 | **Cash and Bank balances** | | | |
| | I. Bank Balance-proprietory accounts | 101,902 | | 101,902 |
| | ii. Bank balance-customer accounts | 89,665,409 | | 89,665,409 |
| | iii. Cash in hand | 568,981 | | 568,981 |
| 1.19 | **Total Assets** | **1,081,915,380** | | **945,873,599** |

**2. Liabilities**

| | | | | |
|---|---|---|---|---|
| 2.1 | **Trade Payables** | | | |
| | i. Payable to exchanges and clearing house | | | |
| | ii. Payable against leveraged market products | - | | - |
| | iii. Payable to customers | 89,665,409 | | 89,665,409 |
| 2.2 | **Current Liabilities** | | | |
| | i. Statutory and regulatory dues | | | |
| | ii. Accruals and other payables | 131,419,899 | | 131,419,899 |
| | iii. Short-term borrowings | 37,172,501 | | 37,172,501 |
| | iv. Current portion of subordinated loans | | | |
| | v. Current portion of long term liabilities | | | |
| | vi. Deferred Liabilities | 287,069 | | 287,069 |
| | 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 instituion: Long term portion of financing obtained from a financial institution including amount due against finance lease | | | |
| | b. Other long-term financing | | | |
| | ii. Staff retirement benefits | | | |
| | **iii. Advance against shares for Increase in Capital of Securities broker:** 100% haircut may be allowed in respect of advance against shares if:<br>a. The existing authorized share capital allows the proposed enhanced share capital<br>b. Boad of Directors of the company has approved the increase in capital<br>c. Relevant Regulatory approvals have been obtained<br>d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.<br>e. Auditor is satisfied that such advance is against the increase of capital. | | | |
| | iv. Other liabilities as per accounting principles and included in the financial statements | | | |
| 2.4 | **Subordinated Loans** | | | |
| | i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:<br>The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified:<br>a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period<br>b. No haircut will be allowed against short term portion which is repayable within next 12 months.<br>c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange. | | - | - |
| | ii. Subordinated loans which do not fulfill the conditions specified by SECP | - | | - |
| 2.5 | **Total Liabilites** | **258,544,878** | | **258,544,878** |

**3. Ranking Liabilities Relating to :**

| | | | | |
|---|---|---|---|---|
| 3.1 | **Concentration in Margin Financing** | | | |
| | The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees. | - | | 33,465,320 |
| 3.2 | **Concentration in securites lending and borrowing** | | | |
| | The amount by which the aggregate of:<br>(i) Amount deposited by the borrower with NCCPL<br>(Ii) Cash margins paid and<br>(iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed | - | - | - |
| 3.3 | **Net underwriting Commitments** | | | |
| | **<u>(a) in the case of right issuse :</u>** if the market value of securites is less than or equal to the subscription price;<br>the aggregate of:<br>(i) the 50% of Haircut multiplied by the underwriting commitments and<br>(ii) the value by which the underwriting commitments exceeds the market price of the securities.<br>In the case of rights issuse where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting | - | - | - |
| | **<u>(b) in any other case :</u>** 12.5% of the net underwriting commitments | - | - | - |
| 3.4 | **Negative equity of subsidiary** | | | |
| | The amount by which the total assets of the subsidiary ( excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary | - | - | - |

| | | | | |
|---|---|---|---|---|
| 3.5 | **Foreign exchange agreements and foreign currency positions** | | | |
| | 5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurency less total liabilities denominated in foreign currency | - | - | - |
| 3.6 | Amount Payable under REPO | - | - | - |
| 3.7 | **Repo adjustment** | | | |
| | **In the case of financier/purchaser** the total amount receivable under Repo less the 110% of the market value of underlying securites. **In the case of financee/seller** the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser. | - | - | - |
| 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 | - | - | - |
| 3.9 | **Opening Positions in futures and options** | | | |
| | i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts | - | - | - |
| | ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met | - | - | - |
| 3.10 | **Short selll positions** | | | |
| | i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts | - | - | - |
| | ii. Incase of proprietory 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** | - | - | **33,465,320** |

**Calculations Summary of Liquid Capital**

| | |
|---|---|
| (i) Adjusted value of Assets (serial number 1.19) | 945,873,599 |
| (ii) Less: Adjusted value of liabilities (serial number 2.5) | (258,544,878) |
| (iii) Less: Total ranking liabilities (series number 3.11) | (33,465,320) |
| | **653,863,402** |

**Note:** Commission may issue guidelines and clarifications in respect of the treatment of any component of Liquid Capital including any modification, deletion and inclusion in the calculation of Adjusted value of assets and liabilities to address any practical difficulty.

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34 **NUMBER OF EMPLOYEES**

The total number of employees and average number of employees at the year end and during the year respectively are as follows :

| | **2021** | 2020 |
|---|---|---|
| | **Number** | |
| Total employees of the company at year end | **48** | 50 |
| Average number of employees during the year | **52** | 52 |

35 **CORRESPONDING FIGURES**

35.1 Corresponding figures have been rearranged and reclassified for the purpose of comparison.

Investment in lahore stock exchange amounting to 8.439 million has been reclassified from short term investment to long term investment.

36 **DATE OF AUTHORIZATION**

These financial statements have been authorized for issue by the Board of Directors of the Company on ____________________ .

37 **GENERAL**

The figure has been rounded to nearest rupees.

**Chief Executive** **Director**