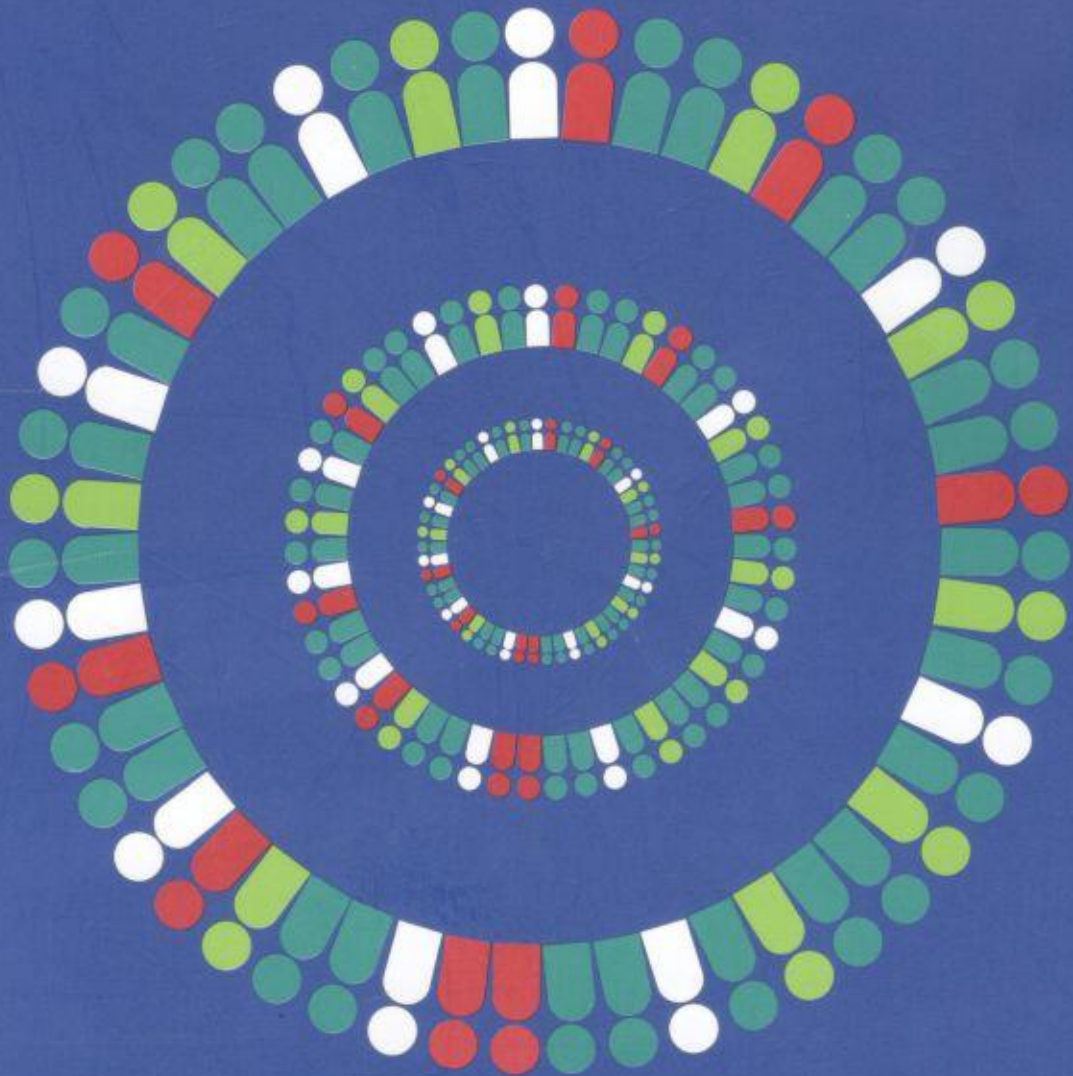


Muhammad Salim Kasmani Securities  
(Private) Limited  
Financial Statements  
For the year ended  
June 30, 2021



## INDEPENDENT AUDITOR'S REPORT

To the members of MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flow 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, 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 for the year then ended; and 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan / Institute of Cost and management Accountants (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.

#### 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 requirement of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease

operation, or has no realistic alternative but to do so. Boards 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**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;
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is **Imran Iqbal**

  
KARACHI

DATE: 4<sup>TH</sup> October 2021

**MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

	Note	2021 (Rupees)	2020 (Rupees)
<b><u>ASSETS</u></b>			
<b><u>NON CURRENT ASSETS</u></b>			
Property and equipment	4	832,824	2,213,766
Intangible assets	5	2,500,000	2,500,000
Investment at fair value through other comprehensive income	6	2,788,750	3,960,000
Long term deposits	7	510,000	1,510,000
		6,631,574	10,183,766
<b><u>CURRENT ASSETS</u></b>			
Trade debts	8	114,608	867,211
Investment at fair value through profit and loss	9	81,232,124	50,059,426
Advances, deposits, prepayments & other receivables	10	1,301,405	3,451,829
Cash and bank balances	11	61,201,881	31,731,303
		143,850,018	86,109,769
		150,481,592	96,293,535
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>CAPITAL RESERVES</u></b>			
Authorized capital	12.1	150,000,000	150,000,000
Issued, subscribed and paid-up	12.2	55,000,000	55,000,000
Accumulated Profit/(Loss)		59,673,032	30,157,939
Surplus/(Deficit) - Investment at fair value through other comprehensive income		869,434	(2,181,813)
		115,542,466	82,976,126
<b><u>NON CURRENT LIABILITIES</u></b>			
Liability against asset subject to finance lease	13	-	148,427
<b><u>CURRENT LIABILITIES</u></b>			
Trade and other payables	14	34,790,586	12,934,603
Lease Liability		148,540	234,379
		34,939,126	13,168,982
Contingencies and commitments	15	-	-
		150,481,592	96,293,535

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

  
**Chief Executive**

  
**Director**

**MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT AND LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 (Rupees)	2020 (Rupees)
Revenue from contract with customers	16	13,969,799	5,051,970
Operating and administrative expenses	17	(11,348,257)	(10,921,095)
Operating Profit/ (Loss)		<u>2,621,542</u>	<u>(5,869,125)</u>
Loss allowance		(41,084)	-
Finance cost	18	(33,561)	(79,345)
Other income	19	<u>30,007,746</u>	<u>17,915,761</u>
<b>NET PROFIT BEFORE TAXATION</b>		<b>32,554,643</b>	<b>11,967,291</b>
Taxation	20	(3,785,424)	(578,525)
<b>NET PROFIT AFTER TAXATION</b>		<b><u>28,769,219</u></b>	<b><u>11,388,766</u></b>

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

  
M. Salim  
Chief Executive

  
Director

**MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2021 (Rupees)	2020 (Rupees)
Profit for the year	28,769,219	11,388,766
<b>Other comprehensive income:</b>		
Unrealised gain on revaluation of investments at fair value through other comprehensive income	3,797,121	363,894
<b>TOTAL COMPREHENSIVE INCOME</b>	<u><u>32,566,340</u></u>	<u><u>11,752,660</u></u>

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

  
Chief Executive

  
Director

**MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**AS AT JUNE 30, 2021**

	Issued, subscribed and paid-up	Accumulated Profit/(Loss)	Surplus/ (Deficit) - Investment at FVTOCI	Total
	<u>Rupees</u>			
Balance as at June 30, 2019	55,000,000	21,949,592	(2,545,706)	74,403,886
Net profit for the year	-	11,388,766	-	11,388,766
Loss on remeasurement of Investment at Fair value through OCI	-		(2,816,526)	(2,816,526)
Loss on disposal of investment at fair value thorough OCI		(3,180,419)	3,180,419	
Balance as at June 30, 2020	55,000,000	30,157,939	(2,181,813)	82,976,126
Net profit for the year	-	28,769,219	-	28,769,219
Gain on remeasurement on Investment at Fair value through OCI	-	-	3,797,121	3,797,121
Gain move to Accumulated profit/(loss) on disposal of Investment at Fair Value through OCI		745,874	(745,874)	-
Balance as at June 30, 2021	55,000,000	59,673,032	869,434	115,542,466

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

  
Chief Executive

  
Director

**MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED**

**STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 (Rupees)	2020 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		32,554,643	11,967,291
<b><u>Adjustment for non-cash items:</u></b>			
Depreciation		1,601,520	1,724,619
Capital (gain) on investment at fair value through P&L		(25,268,722)	(12,678,974)
Dividend income		(3,299,925)	(3,401,625)
Capital (gain)/loss on investment at fair value through OCI		745,874	(3,180,419)
Interest expense		33,561	79,345
		<u>(26,187,692)</u>	<u>(17,457,055)</u>
Operating profit/(loss) before working capital changes		6,366,951	(5,489,764)
<b><u>Changes in working capital</u></b>			
Decrease / (increase) in trade debts		752,603	3,174,792
Decrease / (increase) in advances, deposits and prepayments		1,385,903	(388,334)
(Decrease)/Increase in Trade and other payables		21,855,983	10,529,041
<b>Net changes in working capital</b>		23,994,489	13,315,499
Interest paid		(33,561)	(79,345)
Taxes paid		(3,020,903)	(668,973)
<b>Net cash (used in)/generated from operating activities</b>		<u>27,306,976</u>	<u>7,077,417</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Long term deposits		1,000,000	(1,000,000)
Acquisition of property and equipment		(220,576)	-
Investment at fair value through other comprehensive income		4,222,497	10,459,418
Investment at fair value through profit and loss		(5,903,978)	6,399,743
Dividend received		3,299,925	3,401,625
<b>Net cash (used in)/generated from investing activities</b>		2,397,868	19,260,787
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan from Directors		-	(10,000,000)
Finance lease obligation		(234,266)	(196,170)
		(234,266)	(10,196,170)
<b>Net cash (used in)/generated from financing activities</b>		<u>(234,266)</u>	<u>(10,196,170)</u>
Net increase in cash and cash equivalent		29,470,578	16,142,034
Cash and cash equivalent at beginning of the year		31,731,303	16,589,269
<b>Cash and cash equivalent at end of the year</b>		<u>61,201,881</u>	<u>32,731,303</u>

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

  
Chief Executive

  
Director

**MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**1 Legal Status and Nature of Business**

Muhammad Salim Kasmani Securities (Private) limited was incorporated under the Companies Ordinance, 1984 on June 07, 2006 as a private limited company. The Company is a corporate member of Pakistan Stock Exchange Limited. The registered office of the company is located at room no. 35 1<sup>st</sup> floor Pakistan Stock Exchange Building, I.I chundrigar Road, Karachi. The principal activities of the Company are investment and share brokerage.

**2 Basis of Preparation**

**2.1 Statement of Compliance**

These financial statements are prepared in accordance with the provisions of the Companies Act, 2017. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

**2.2 Basis of Measurement**

These financial statements have been prepared under the historical cost convention except Investments that are carried at fair value.

**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 have been rounded off to the nearest rupee.

**2.4 Use of Estimates and Judgments**

The preparation of financial statements is in conformity with approved accounting standards, as applicable in Pakistan, 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 and various other factors that are believed to be reasonable under the circumstances, the results 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 if the revision affects only that period, or in the period of the revision and future periods in the revision affects both current and future periods.

The estimates and judgments that have a significant effect on the financial statements that are in respect of the following:

- Property and equipment (note 4)
- Taxation (note 20)

## 2.5 New Accounting pronouncements

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

Description effective for periods		Effective for periods beginning on or after
IAS 1	Presentation of financial statements (Amendments)	January 01, 2023
IAS 8	Accounting policies changes in estimates and errors (Amendments)	January 01, 2023
IFRS 09	Financial Instruments (Amendments)	January 01, 2022
IFRS 16	Leases( Amendments)	January 01, 2021
IAS 16	Property plant and equipment (Amendments)	January 01, 2022
IFRS 16	Provisions contingent liabilities an Contingent Assets (Amendments)	January 01, 2022 January 01, 2021

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Description effective for periods		Effective for periods beginning on or after
IFRS 01	First time adoption of International Financial Reporting Standards	July 01, 2009
IFRS 14	Regulatory Deferral Accounts	January 01, 2016

## 3 Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

### 3.1 Taxation

Income tax expense comprises of current, deferred and prior year tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity

#### Current

Provision for current tax is based on taxable income at the enacted or substantially enacted rates of taxation after taking in to account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years which arises from assessments/ developments made during the year, if any.

## **Deferred Tax**

Deferred tax is recognized using balance sheet method, in respect of temporary differences between the carrying amounts of asset and liabilities for financial reporting purposes and the amounts used for taxation purpose. The amount of deferred tax provided is based on the expected manner of realization or settlement or the carrying amount of assets and liabilities, using the enacted or substantively enacted rates or taxation.

The company recognizes deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **3.2 Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account in the period in which they are incurred.

Depreciation on all property and equipment is charged to the profit and loss account using Straight line Balance method over the asset's useful life at the rates stated Note no. 4. The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of property and equipment are recognized in the profit and loss account. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate.

### **3.3 Intangible Assets**

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

#### **Trading Right Entitlement Certificate(TREC)**

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

#### **Software**

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognized as an intangible asset. Direct costs include the purchase costs of software and other directly attributable costs of preparing the software for its intended use.

Computer software is measured initially at cost and subsequently stated at cost less accumulated amortization and accumulated impairment losses, if any.

#### **Amortization**

Intangible assets with indefinite useful lives are not amortized, instead they are systematically tested for impairment at each reporting date. Intangible assets with finite useful lives are amortized at straight line basis over the useful life of the asset (at the rate specified in note 6 to these financial

### **3.4 Trade debts and other receivables**

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

### **3.5 Provisions**

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

### **3.6 Trade and Other Payable**

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

### **3.7 Revenue recognition**

Brokerage Commission, corporate finance income and other income are recognized as and when services are rendered.

Dividend income is recognized when the right to receive the dividend is established

Income on continuous funding system transactions and bank deposits is recognized on a time proportionate basis that takes in to account the effective yield.

Mark-up income from investment in margin financing system is calculated on outstanding balance at agreed rates and recorded in profit and loss account.

### **3.8 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### **3.9 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 obligation cannot be measured with sufficient liability.

### **3.10 Financial Instruments**

#### **Initial Measurement of financial asset**

- The company classifies its financial assets in to three categories:

fair value through other comprehensive income (FVOCI);

fair value through profit or loss (FVTPL); and measured at amortized cost.

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

### **Subsequent measurement**

#### **Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest /markup income calculated using effective interest rate method, and impairment are recognized in the statement of profit and loss account. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit and loss account.

#### **Equity Investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in statement of profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never classified to the profit and loss account.

#### **Financial asset at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest/markup or dividend income, are recognized in the statement of profit and loss account.

#### **Financial assets measured at amortized cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest/ markup income, and impairment are recognized in the statement of profit and loss account.

### **Non Derivative financial assets**

All non-derivative financial assets are initially recognized on trade date i.e date on which the company becomes party to the respective contractual provisions. Non-derivative financial asset comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets. The company derecognizes the financial asset. When the contractual rights to the cash flows from the asset expires or it transfer the right to receive the contractual cash flow in a transaction in which substantially all risk and rewards of ownership of the financial assets are transferred or it neither transferred nor retain substantially all the of the risk and rewards of ownership and does not retain control over the transferred asset.

## **Offsetting of financial assets and financial liabilities**

Financial Assets and financial liabilities are offset and the net amount is reported in the financial statements only when the company has a legally enforceable right to offset and the company intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statement only when permitted by the accounting and reporting standards as applicable in Pakistan.

## **Financial Liabilities**

Financial Liabilities are initially recognized on trade date i.e. the date on which the company becomes party to the respective contractual provisions. Financial Liabilities include markup bearing borrowings and trade and other payables. The company derecognizes the financial liabilities when contractual obligations are discharged, cancelled or expire. Financial liability other than fair value through profit and loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortized cost using effective interest rate method.

## **Impairment**

### **Financial assets**

The company recognized loss allowances for Expected Credit Losses (ECLs) in respect of financial asset measured at amortized cost.

The company measures loss allowance at an amount equal to life time ECLs, except for the following, which are measured at 12 month ECLs:

- debt securities that are determined to have low credit risk at reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECLs.


When determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based in the company's historical experience and informed credit assessment and including forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of financial asset is written off when the company has no reasonable expectations of recovering of a financial asset in its entirety or a proportion thereof. The company individually makes an assessment with respect to the timing and amount of write-off based on whether there is reasonable expectation of recovery. The company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for the recovery of amounts due.

### **Non- financial assets**

The carrying amounts of company's non- financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment, if such indication exists, the asset's recoverable amount, being higher of value in use and fair value less cost to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using pre- tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together in to smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.



**MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**4. PROPERTY AND EQUIPMENT**

Particulars	Cost				2020	Depreciation				W.D.V.
	As at July 01, 2020	Additions	Disposal / Write off	As at Jun 30, 2021		As at July 01, 2020	For the year	Disposal / Write off	As at Jun 30, 2021	As at June 30, 2020
<i>Rupees</i>						<i>Rupees</i>				
Office Buildings	10,000,000	-	-	10,000,000	10%	9,175,705	824,294	-	9,999,999	1
Furniture & Fixtures	1,448,186	-	-	1,448,186	10%	1,022,395	144,819	-	1,167,214	280,972
Computers and Equipments	944,910	220,576	-	220,576	30%	944,910	52,169	-	52,605	167,971
Motor Vehicles	900,000	-	-	900,000	20%	576,000	180,000	-	756,000	144,000
Leased Vehicle	1,999,000	-	-	1,999,000	20%	1,359,320	399,800	-	1,759,120	239,880
<b>June 30, 2020</b>	<b>15,292,096</b>	<b>220,576</b>	<b>-</b>	<b>14,567,762</b>		<b>13,078,330</b>	<b>1,601,082</b>		<b>14,679,412</b>	<b>832,824</b>
<b>June 30, 2019</b>	<b>15,292,096</b>			<b>15,512,672</b>		<b>11,353,710</b>	<b>1,724,619</b>		<b>13,078,329</b>	<b>2,213,766</b>

**5. INTANGIBLE ASSETS**

Trading Right Entitlement Certificate (TREC)  
Impairment - TREC

5.1

	2021 (Rupees)	2020 (Rupees)
Trading Right Entitlement Certificate (TREC)	5,000,000	5,000,000
Impairment - TREC	(2,500,000)	(2,500,000)
	<b>2,500,000</b>	<b>2,500,000</b>

5.1 This represents TREC acquired on surrender of Stock Exchange membership Card. According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed.

**6. INVESTMENT AT FAIR VALUE THROUGH OCI**

Investment in shares of Pakistan Stock Exchange

6.1

	2021 (Rupees)	2020 (Rupees)
Investment in shares of Pakistan Stock Exchange	2,788,750	3,960,000

6.1 This represents 125,000 (2020: 400,000) shares of Pakistan Stock Exchanges pledge with PSX against Base Minimum Capital requirement

**7. LONG-TERM DEPOSITS**

Central Depository Company  
Deposit in NCCPL - Basic Deposit  
Deposit in NCCPL - Future Market  
Railway Land Deposit

	2021 (Rupees)	2020 (Rupees)
Central Depository Company	100,000	100,000
Deposit in NCCPL - Basic Deposit	400,000	400,000
Deposit in NCCPL - Future Market		1,000,000
Railway Land Deposit	10,000	10,000
	<b>510,000</b>	<b>1,510,000</b>

**8. TRADE DEBTS**

Trade debts  
less: Loss allowance

	2021 (Rupees)	2020 (Rupees)
Trade debts	155,692	867,211
less: Loss allowance	(41,084)	-
	<b>114,608</b>	<b>867,211</b>

## 9 SHORT TERM INVESTMENT - FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT

Investment in quoted securities	9.1	<u>81,232,124</u>	<u>50,059,426</u>
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### 9.1 Investment in various equity shares carried at market value.

This include shares amounting to Rs. 22,833,550 pledge with PSX against Base minimum capital requirement.

## 10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Tax refundable	<u>1,138,135</u>	<u>1,812,208</u>
Advance income tax - net	-	90,448
Exposure Deposit - Future Market	-	1,000,000
Future Settlement (NCCPL)	-	354,832
Loan to staff	27,500	65,000
Other Receivable	<u>135,770</u>	<u>129,341</u>
	<u>1,301,405</u>	<u>3,451,829</u>

## 11. CASH AND BANK BALANCES

Cash in hand	<u>81,000</u>	<u>81,000</u>
Cash at bank - Current	<u>32,158,267</u>	<u>13,162,899</u>
Saving	<u>28,962,614</u>	<u>18,487,404</u>
	<u>61,201,881</u>	<u>31,731,303</u>

## 12. SHARE CAPITAL

### 12.1 AUTHORIZED SHARE CAPITAL

2021	2020		2021	2020
Number of Shares			(Rupees)	(Rupees)
<u>1,500,000</u>	<u>1,500,000</u>	ordinary shares of	<u>150,000,000</u>	<u>150,000,000</u>
		Rs. 100 each		

### 12.2 ISSUED SUBSCRIBED AND PAID-UP

2021	2020		2021	2020
<u>550,000</u>	<u>550,000</u>	ordinary shares of	<u>55,000,000</u>	<u>55,000,000</u>
		Rs. 100 each fully paid		
		in cash		

### 12.3 PATTERN OF SHAREHOLDING

	No of shares	%
i Muhammad Salim Kasmani (CEO)	549,997	100.0%
ii Usman Salim Kasmani (Director)	1	0.0%
iii Ahmed Salim Kasmani (Director)	1	0.0%
iv Fareeda Salim Kasmani (Director)	1	0.0%
	<u>550,000</u>	

### 13 LEASE LIABILITIES

	2021		2020	
	Minimum Lease payments	Present Value	Minimum Lease payments	Present Value
	(in Rupees)			
Within one year	153,874	148,540	264,099	234,379
After one year but not more than five years	-	-	153,414	148,427
Later than five years	-	-	-	-
Total minimum lease payments	153,874	148,540	417,513	382,806
Less: Amount representing finance charges	(5,334)		34,707	
Present value of minimum lease payments	148,540		452,220	
Less: Current portion	(148,540)	(148,540)	(234,379)	(234,379)
	-	-	217,841	148,427

### 14. TRADE AND OTHER PAYABLE

Credit balances of clients	32,102,235	12,730,581
Accrued expenses	2,688,351	204,022
	<u>34,790,586</u>	<u>12,934,603</u>

14.1 Credit balances of clients held by the company

32,102,235	12,730,581
------------	------------

14.2 No Securities of clients is pledged with Financial Institution.

14.3 No Securities of the company is pledged with Financial Institution.

### 15. CONTINGENCIES AND COMMITMENTS

15.1 There were no contingencies and commitments as at June 30, 2021.

### 16. REVENUE FROM CONTRACT WITH CUSTOMERS

Brokerage income	16.1	2021 (Rupees)	2020 (Rupees)
		<u>13,969,799</u>	<u>5,051,970</u>

16.1 Brokerage Income- gross

Sales tax

16,057,240	5,806,862
(2,087,441)	(624,498)
<u>13,969,799</u>	<u>5,182,364</u>

		2021 (Rupees)	2020 (Rupees)
<b>17. OPERATING AND ADMINISTRATIVE EXPENSES</b>			
Salaries and allowances and other benefits	17.1	6,566,500	5,191,000
Car parking fee		30,000	20,000
Travelling charges		-	406,451
Printing, stationary and periodicals		5,347	28,201
Utilities		155,549	144,247
Communication Expense		80,078	88,609
Rent, rates and taxes		120,000	93,800
Transaction charges		-	48,239
Fee & Subscription		267,104	212,104
Insurance		18,897	19,125
Entertainment		104,000	66,000
Legal and professional		710,751	275,100
Depreciation		1,601,520	1,724,619
Auditor's remuneration	17.2	162,000	162,000
Donation		1,155,000	1,925,000
Miscellaneous		371,511	516,600
		<u>11,348,257</u>	<u>10,921,095</u>
<b>17.2 AUDITOR'S REMUNERATION</b>			
Annual Audit fee		<u>162,000</u>	<u>162,000</u>
		<u>162,000</u>	<u>162,000</u>
<b>18. FINANCE COST</b>			
Bank Charges		<u>3,492</u>	<u>-</u>
Finance charges on lease		<u>30,069</u>	<u>77,212</u>
		<u>33,561</u>	<u>77,212</u>
<b>19. OTHER INCOME</b>			
Capital Gain - Investment at fair value through profit and loss		25,268,722	12,678,974
Profit on bank deposits		1,224,169	1,593,977
Profit on Deposit		5,017	24,248
others		209,913	-
Dividend income		3,299,925	3,401,625
Reversal of provision of bad debts		-	216,937
		<u>30,007,746</u>	<u>17,915,761</u>
<b>20. TAXATION</b>			
The Company has filed return for the tax year 2020. According to Income Tax Ordinance 2001, the return filed is deemed to be an assessment order unless modified by Commissioner of Income Tax.			
Provision for taxation			
- Current year		3,785,424	531,343
- Prior year		-	-
- Deferred	20.1	-	-
• Net tax charge		<u>3,785,424</u>	<u>531,343</u>

20.1. The company is not expecting stable profits in the future, therefore deferred tax asset is not recognised.

	2021 (Rupees)	2020 (Rupees)
<b>20.2 Relationship between tax expense and accounting profit</b>		
Profit before taxation	32,554,643	11,967,291
Tax at the applicable rate 29% (2020:29%)	9,440,846	3,470,514
Tax effect of income taxed under FTR	(5,217,425)	(4,160,628)
Deffered tax asset not recognized	(391,017)	1,268,639
	3,832,404	578,525

## 21. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

### 21.1. Financial instrument by category

#### 21.1.1. Financial assets

	2021			
	At fair value through profit or loss account	At fair value through OCI	At Amortized Cost	Total
Long term loan, advances and deposits	-	-	510,000	510,000
Investment at fair value thorough OCI	-	2,788,750	-	2,788,750
Investment at fair value through P&L	81,232,124	-	-	81,232,124
Trade debts	-	-	114,608	114,608
			163,270	163,270
Advances, deposits and prepayments	-	-	61,120,881	61,120,881
Bank balances	-	-	61,120,881	61,120,881
	81,232,124	2,788,750	61,908,759	145,929,633

	2020			
	At fair value through profit or loss account	At fair value through OCI	At Amortized Cost	Total
Long term loan, advances and deposits	-	-	510,000	510,000
Investment at fair value thorough OCI	-	14,055,522	-	14,055,522
Investment at fair value through P&L	43,780,195	-	-	43,780,195
Trade debts	-	-	867,211	867,211
			194,341	194,341
Advances, deposits and prepayments	-	-	31,650,303	31,650,303
Bank balances	-	-	31,650,303	31,650,303
	43,780,195	14,055,522	33,221,855	91,057,572

### 21.1.2 Financial Liabilities at amortized cost

	2021	
	Amount	Total
Trade and other Payables	2,405,562	2,405,562
Liabilities against asset subject to finance lease	148,540	148,540
	<u>2,554,102</u>	<u>2,554,102</u>

	2020	
	Amount	Total
Trade and other Payables	12,934,603	12,934,603
Liabilities against asset subject to finance lease	382,806	382,806
	<u>13,317,409</u>	<u>13,317,409</u>

### 21.2 Financial risk management

The company primarily invests in marketable securities and are subject to varying degree of risk.

The Board of Directors of the company has overall responsibility for the establishment and oversight of the 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

#### 21.2.1 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 in to 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 placements or other arrangements to fulfil their obligations.

#### Exposure to Credit risk

Credit risk of the company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The company did not allow credits to its customers and trade are executed on 100% margin.

Credit risk is minimised due to the fact that the company invest only in high quality financial assets, all transactions are settled/paid for upon delivery. The company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is as follows:

	2021	2020
	<i>Rupees</i>	
Long Term deposit	510,000	1,510,000
Investment at Fair Value through OCI	2,788,750	3,960,000
Investment at Fair Value through Profit and Loss	81,232,124	50,059,426
Trade debts	114,608	867,211
Bank Balances	61,120,881	31,650,303
	<u>145,766,363</u>	<u>88,046,940</u>

#### 21.2.1.1 Bank Balances

The Analysis below summarizes the credit quality of the company's bank balance:

	2021	2020
	<i>Rupees</i>	
AAA	1,527,256	-
AA+	-	1,080,000
AA	59,593,625	30,570,303
	<u>61,120,881</u>	<u>31,650,303</u>

The credit rating agency are PACRA and JCR-VIS.

#### 21.2.2 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the company could be required to pay its liabilities earlier than expected or difficulty 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 dynamic nature of business.

	2021				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
<b>Financial Liabilities</b>					
Trade and other payables	34,790,586	34,790,586	34,790,586	-	-
Liabilities against asset subject to finance lease	148,540	148,540	148,540	-	-
	<u>34,790,586</u>	<u>34,790,586</u>	<u>34,790,586</u>	<u>-</u>	<u>-</u>

	2020				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
<b>Financial Liabilities</b>					
Trade and other payables	12,934,603	12,934,603	12,934,603	-	-
Liabilities against asset subject to finance lease	382,806	382,806	234,379	148,427	-
	12,934,603	12,934,603	12,934,603	148,427	-

On the balance sheet date, the company has cash and bank balances of Rs.61.20 million (2020: 31.7 million) and investments of Rs 83.93 million (2020: 54.1 million) for repayment of liabilities

### 21.2.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, management manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

#### Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently there is no currency risk as all financial assets and liabilities are in PKR.

#### 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 risk. The company is not exposed to interest rate risk as there is no interest based liability or asset.

#### Other price risk

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

The company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The company manages the equity price through diversification and all investments are made through surplus funds.

The 10 percent increase/(decrease) in market value of these instruments with all other variables held constant impact on profit and loss account of the company is as follows:

	Before Tax	
	10% Increase	10% Decrease
as at 30th June 2021	8,123,212	(8,123,212)
as at 30th June 2020	5,005,943	(5,005,943)

### 21.3 Fair value of Financial instruments

The Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. .

The company at year end hold listed assets amounting to Rs 83 million (2020: 54 million) that are recorded at quoted price.

### 21.4 Capital risk management

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.

## 22. CAPITAL ADEQUACY LEVEL

Total Assets	150,481,592	96,293,535
Less: Total Liabilities	(34,939,126)	(13,317,409)
Less: Revaluation Reserves	-	-
<b>Capital Adequacy Level.</b>	<b>115,542,466</b>	<b>82,976,126</b>

While determining the value of total assets of TREC holder, the Notional value of the TREC held by Muhammad Salim Kasmani Securities (Private) Limited as at year ended 30th June 2021 determined by Pakistan Stock Exchange has been considered.

## 23 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related Parties Comprise of associated companies , directors, key management personnel and close family members of the directors. Transactions with related parties may be carried out at negotiated rates. Remuneration and benefits to executives of the company are in accordance with the terms of their employment.

Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

	2021	2020
Remuneration to Directors	4,404,000	3,204,000
Loan from Directors	-	(10,000,000)
	<b>4,404,000</b>	<b>(6,796,000)</b>

## 24 NET CAPITAL BALANCE AND LIQUID CAPITAL BALANCE

### 24.1 Net Capital Balance As At 30th June 2021

DESCRIPTION		VALUATION BASIS		VALUE
<u>CURRENT ASSETS</u>				
Cash in hand	As per book value			81,000
Cash at bank	Bank balances pertaining to house	28,987,614		
	Bank balances pertaining to client	32,133,267		61,120,881
Deposits against exposure and losses	As per book value			-
Trade Receivable	Book Value	155,692		
	Less: overdue for more than 14 days	(59,937)		95,755
Securities in the name of broker	Market value	58,398,574		
	Less: 15% discount	(8,759,786)		49,638,788
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.			18,853
				110,955,277
<u>CURRENT LIABILITIES</u>				
Trade Payable	Book value	32,102,235		
	Less: Overdue for more than 30 days	(3,337,795)		28,764,440
		3,337,795		
Other liabilities	Overdue for more than 30 days			
	As classified under the generally accepted accounting principles.	2,836,891		6,174,686
<u>Net Capital Balance As At 30th June 2021</u>				76,016,151

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>I. Assets</b>				
1.1	Property & Equipment	832,824	100%	
1.2	Intangible Assets	2,500,000	100%	
1.3	Investment in Govt. Securities (150,000*99)			
	<b>Investment in Debt Securities</b>			
	<b>If listed than:</b>			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	<b>If unlisted than:</b>			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			
	<b>Investment in Equity Securities</b>			
	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.	58,398,574	9,397,727	49,000,847
	ii. If unlisted, 100% of carrying value.			
	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.			
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)	25,622,300	25,622,300	
1.6	Investment in subsidiaries			
	<b>Investment in associated companies/undertaking</b>			
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.			
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	500,000	100%	
1.9	Margin deposits with exchange and clearing house.			
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	10,000	100%	
1.11	Other deposits and prepayments		100%	
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			
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	27,500	100%	
	ii. Receivables other than trade receivables	1,273,905	100%	
	<b>Receivables from clearing house or securities exchange(s)</b>			
1.16	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.			
	<b>Receivables from customers</b>			
	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.			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value.			
	ii. Net amount after deducting haircut			
1.17	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract.			
	iii. Net amount after deducting haircut			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	95,314		95,314
	iv. Balance sheet value			

	v. Increase 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.	60,074	60,074.0	
	v. Lower of net balance sheet value or value determined through adjustments			
	vi. 100% haircut in the case of amount receivable from related parties.	304	304	
	<b>Cash and Bank balances</b>			
1.18	i. Bank Balance-proprietary accounts	28,987,614	-	28,987,614
	ii. Bank balance-customer accounts	32,133,267	-	32,133,267
	iii. Cash in hand	81,000	-	81,000
1.19	<b>Total Assets</b>	<b>150,522,676</b>		<b>110,298,042</b>

## 2. Liabilities

	<b>Trade Payables</b>			
2.1	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products			
	iii. Payable to customers	32,102,235	-	32,102,235
	<b>Current Liabilities</b>			
2.2	i. Statutory and regulatory dues			
	ii. Accruals and other payables	2,836,891	-	2,836,891
	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	148,540	-	148,540
	<b>Non-Current Liabilities</b>			
2.3	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			
	<b>Subordinated Loans</b>			
2.4	i. 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.			
	ii. Subordinated loans which do not fulfill the conditions specified by SECP			
2.5	<b>Total Liabilities</b>	<b>35,087,666</b>	<b>-</b>	<b>35,087,666</b>

## 3. Ranking Liabilities Relating to :

	<b>Concentration in Margin Financing</b>			
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.			
	<b>Concentration in securities lending and borrowing</b>			
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			
	<b>Net underwriting Commitments</b>			
3.3	(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting			
	(b) in any other case : 12.5% of the net underwriting commitments			

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			
<b>Foreign exchange agreements and foreign currency positions</b>				
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			
<b>Repo adjustment</b>				
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.			
<b>Concentrated proprietary positions</b>				
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security.			
<b>Opening Positions in futures and options</b>				
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			
<b>Short sell positions</b>				
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	<b>Total Ranking Liabilities</b>	-	-	-

110,298,042

**Calculations Summary of Liquid Capital**

(i) Adjusted value of Assets (serial number 1.19)

(ii) Less: Adjusted value of liabilities (serial number 2.5)

(iii) Less: Total ranking liabilities (serial number 3.11)

any modification, deletion and inclusion in the calculation of Adjusted value of assets and liabilities to address any practical difficulty.

Adjusted value of assets 1.19	110,298,042
Adjusted value of liabilities 2.5	(35,087,666)
Total ranking liabilities 3.11	-
Net liquid capital	75,210,376

**25 NUMBER OF EMPLOYEES**

As at year end

7

7

**26. DATE OF AUTHORIZATION**

These financial statements have been authorized for issue on 04 OCT 2021 by the Board of Directors of the company.

**27. GENERAL**

Figures have been rearranged and reclassified wherever necessary, for the purpose of comparison and have been rounded off to the nearest Rupee.

  
Chief Executive

  
Director



## OFFICES IN PAKISTAN

### **Karachi Office:**

402 Progressive Centre,  
30-A, Block-6 P.E.C.H.S,  
Shahrah-e-Faisal, Karachi.  
Phone +92 (21) 34322551-3

### **Lahore Office:**

193-A, Shah Jamal,  
Lahore - 54000.  
Phone: +92 (42) 35403550-1, 35403588  
Fax: +92 (42) 35403599  
Email: [info@uhy-hnco.com](mailto:info@uhy-hnco.com)  
Web: <http://www.uhy-hnco.com>

### **Islamabad Office:**

West Lower Ground, Pak Plaza (19-A)  
Fazl-e-Haq Road, Blue Area, Islamabad.  
Phone: +92 (51) 2873431-3  
Fax: +92 (51) 2261791

## **UHY** INTERNATIONAL

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