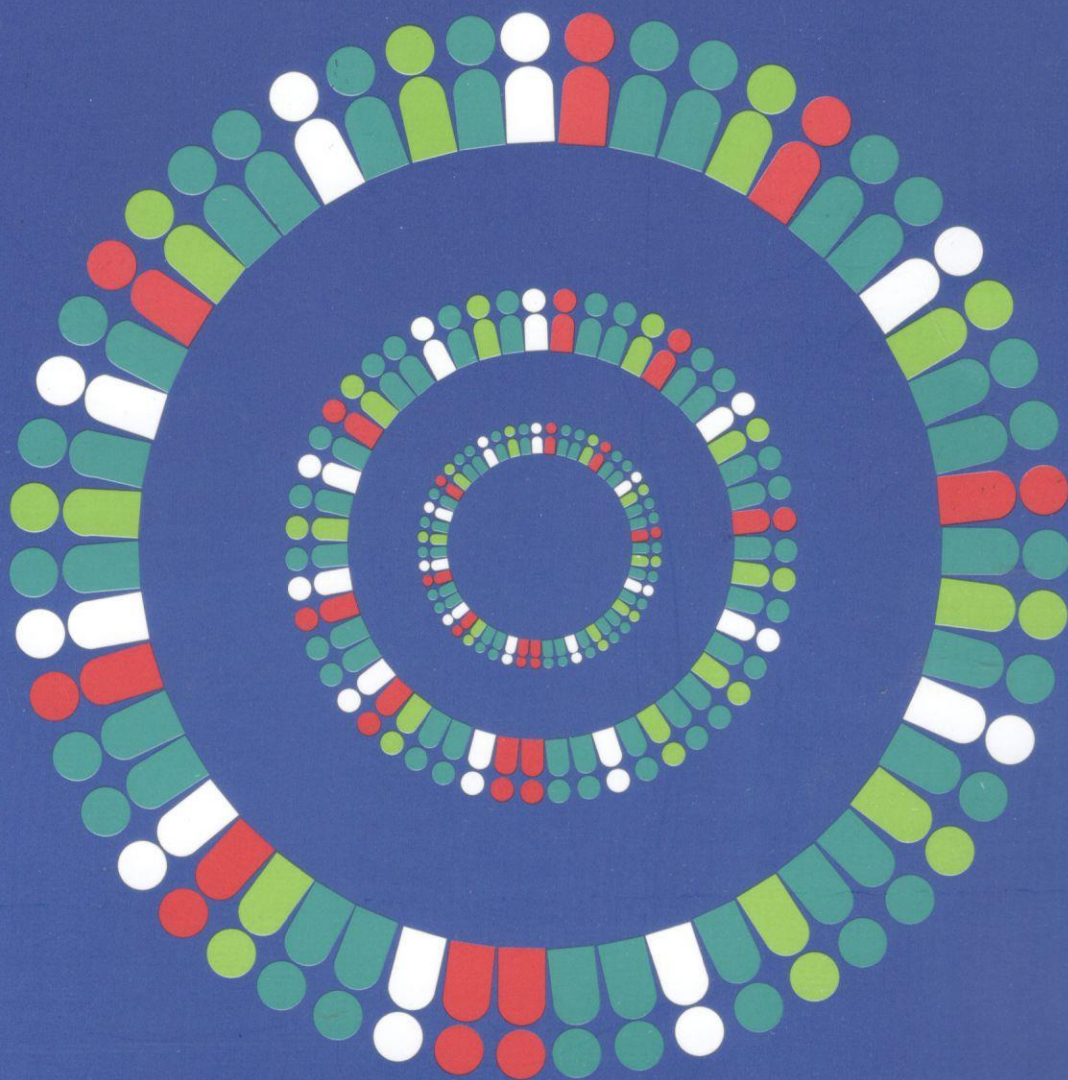


Muhammad Salim Kasmani Securities
(Private) Limited
Financial Statements
For the year ended
June 30, 2022



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 statements of **MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED** ("the Company"), which comprise the statement of financial position as at **June 30, 2022** and the statement of profit or loss, the statement of changes in equity, and 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, 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 (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, 2022 and of the loss for the year then ended, the changes in equity and its cash flows for the period 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 (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 (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 operation, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of 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 period were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- e) the company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the financial statements were prepared

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

UHY Hassan Naeem & Co.

KARACHI

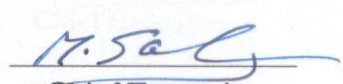
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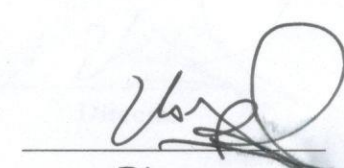
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MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Property and equipment	4	288,314	832,824
Intangible assets	5	2,500,000	2,500,000
Investment at fair value through other comprehensive income	6	818,400	2,788,750
Long term deposits	7	110,000	510,000
		3,716,714	6,631,574
<u>CURRENT ASSETS</u>			
Trade debts	8	-	114,608
Investment at fair value through profit and loss	9	73,001,794	81,232,124
Advances, deposits, prepayments & other receivables	10	21,887,302	1,301,405
Cash and bank balances	11	1,234,468	61,201,881
		96,123,564	143,850,018
		<u>99,840,278</u>	<u>150,481,592</u>
<u>EQUITY AND LIABILITIES</u>			
<u>CAPITAL RESERVES</u>			
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)		44,886,733	59,673,032
Surplus/(Deficit) - Investment at fair value through other comprehensive income		(409,963)	869,434
		99,476,770	115,542,466
<u>NON CURRENT LIABILITIES</u>			
Liability against asset subject to finance lease	13	-	-
<u>CURRENT LIABILITIES</u>			
Trade and other payables	14	363,508	34,790,586
Lease Liability		-	148,540
		363,508	34,939,126
Contingencies and commitments	15	-	-
		<u>99,840,278</u>	<u>150,481,592</u>

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






MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
Revenue from contract with customers	16	7,076,421	13,969,799
Operating and administrative expenses	17	(11,673,650)	(11,348,257)
Operating Profit/ (Loss)		<u>(4,597,229)</u>	<u>2,621,542</u>
Loss allowance		-	(41,084)
Finance cost	18	(7,673)	(33,561)
Other income	19	<u>(9,269,576)</u>	<u>30,007,746</u>
NET PROFIT/(LOSS) BEFORE TAXATION		(13,874,478)	32,554,643
Taxation	20	(1,317,292)	(3,785,424)
NET PROFIT/(LOSS) AFTER TAXATION		<u>(15,191,770)</u>	<u>28,769,219</u>

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


Chief Executive


Director

MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	2022 (Rupees)	2021 (Rupees)
Profit/(Loss) for the year	(15,191,770)	28,769,219
Other comprehensive income:		
Unrealised gain/(loss) on revaluation of investments at fair value through other comprehensive income	(873,925)	3,797,121
TOTAL COMPREHENSIVE INCOME	<u><u>(16,065,695)</u></u>	<u><u>32,566,340</u></u>

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


Chief Executive

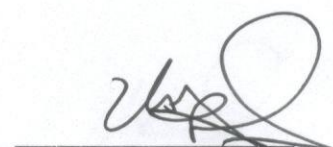

Director

MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT JUNE 30, 2022

	Issued, subscribed and paid-up	Accumulated Profit/(Loss)	Surplus/ (Deficit) - Investment at FVTOCI	Total
<i>Rupees</i>				
Balance as at June 30, 2020	55,000,000	30,157,938	(2,181,813)	82,976,125
Net profit for the year	-	28,769,219	-	28,769,219
Gain on remeasurement of 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	115,542,465
Net loss for the year	-	(15,191,770)	-	(15,191,770)
Gain on remeasurement on Investment at Fair value through OCI	-	-	(873,925)	(873,925)
Gain move to Accumulated profit/(loss) on disposal of Investment at Fair Value through OCI		405,472	(405,472)	-
Balance as at June 30, 2022	55,000,000	44,886,734	(409,963)	99,476,770

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

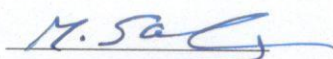

 Chief Executive

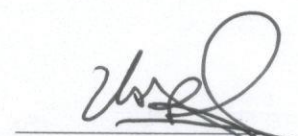

 Director

MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		(13,874,478)	32,554,643
<u>Adjustment for non-cash items:</u>			
Depreciation		611,659	1,601,520
Loss allowance		-	41,084
Capital (gain) on investment at fair value through P&L		16,656,934	(25,268,722)
Dividend income		(6,543,350)	(3,299,925)
Interest expense		7,673	33,561
		<u>10,732,916</u>	<u>(26,892,482)</u>
Operating profit/(loss) before working capital changes		(3,141,562)	5,662,161
<u>Changes in working capital</u>			
Decrease / (increase) in trade debts		116,540	711,519
Decrease / (increase) long term deposits		400,000	1,000,000
Decrease / (increase) in advances, deposits and prepayments		(20,586,164)	1,385,903
(Decrease)/Increase in Trade and other payables		(34,427,078)	21,855,983
Net changes in working capital		(54,496,702)	24,953,405
Interest paid		(7,673)	(33,561)
Taxes paid		(1,317,025)	(3,020,903)
Net cash (used in)/generated from operating activities		(58,962,962)	27,561,102
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(67,150)	(220,576)
Investment at fair value through other comprehensive income		1,096,425	4,968,371
Investment at fair value through profit and loss		(8,428,536)	(5,903,978)
Dividend received		6,543,350	3,299,925
Net cash (used in)/generated from investing activities		(855,911)	2,143,742
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from Directors		-	-
Finance lease obligation		(148,540)	(234,266)
Net cash (used in)/generated from financing activities		(148,540)	(234,266)
Net increase in cash and cash equivalent		(59,967,413)	29,470,578
Cash and cash equivalent at beginning of the year		61,201,881	31,731,303
Cash and cash equivalent at end of the year		1,234,468	61,201,881

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, 2022

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 1st 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 19)

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	Amendments to 'IAS 1 and IFRS Practice Statement 2' Disclosure of Accounting Policies Amendments to IAS 1 'Presentation of Financial Statements' Classification of Liabilities as Current or Non-current	January 01, 2023
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 01, 2023
IAS 12	Income Taxes (Amendments)	January 01, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 01, 2022
IFRS 3	Business Combinations (Amendments)	January 01, 2022
IAS 41, IFRS (1, 9 and 16)	Annual improvements to IFRS Standards 2018 - 2020 (Amendments)	

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.

Other than the aforesaid standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the SECP as at June 30, 2022:

- IFRS 1 (First Time Adoption of International Financial Reporting Standards)
- IFRS 17 (Insurance Contracts)
- IFRIC 12 (Service concession arrangements)

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 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 statements).

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 exposure deposits and bank deposits is recognized on a time proportionate basis that takes in to account the effective yield.

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

3.10.1 *Initial recognition, classification and measurement*

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of 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)

(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:

- (i) 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.
- (ii) It is an investment in equity instrument which is designated as at fair value through OCI in accordance with the irrevocable election available to the Company 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 debt instrument can be classified as a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on them on different bases.

All equity instruments are to be classified as financial assets at fair value through profit or loss, except for those equity instruments for which the Company has elected to present value changes in other comprehensive income.

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 thee 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, 2022

4. PROPERTY AND EQUIPMENT

	Office Buildings	Furniture & Fixtures	Computers and Equipments	Motor Vehicles	Total
Cost	10,000,000	1,448,186	1,165,486	2,899,000	15,512,672
Accumulated depreciation and impairment	(9,999,999)	(1,167,214)	(997,515)	(2,515,120)	(14,679,848)
Carrying amount at July 1, 2021	1	280,972	167,971	383,880	832,824
Additions	-	-	67,150	-	67,150
Disposals - cost	-	-	-	-	-
Depreciation charge for the year	-	(137,790)	(82,960)	(383,880)	(604,630)
Disposals - Accumulated depreciation	-	-	-	-	-
Carrying amount at June 30, 2022	1	143,182	152,161	-	295,344

The carrying amount as at June 30, 2022 is aggregate of:

Cost	10,000,000	1,448,186	1,232,636	2,899,000	15,579,822
Accumulated depreciation and impairment	(9,999,999)	(1,305,004)	(1,080,475)	(2,899,000)	(15,284,478)
	1	143,182	152,161	-	295,344
Rate of depreciation per annum (%)	10%	10%	30%	20%	

5. INTANGIBLE ASSETS

Trading Right Entitlement Certificate (TREC)
Impairment - TREC

5.1

2022
(Rupees)

2021
(Rupees)

5,000,000	5,000,000
(2,500,000)	(2,500,000)
2,500,000	2,500,000

- 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

818,400

3,960,000

- 6.1 This represents 80,000 (2021: 125,000) 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
Railway Land Deposit

2022
(Rupees)

2021
(Rupees)

100,000	100,000
-	400,000
10,000	10,000
110,000	510,000

	2022 (Rupees)	2021 (Rupees)
8 TRADE DEBTS		
Trade debts	-	155,692
less: Loss allowance	-	(41,084)
	<u>-</u>	<u>114,608</u>

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

Investment in quoted securities	9.1	<u>73,820,194</u>	<u>81,232,124</u>
9.1 Investment in various equity shares carried at market value.			
9.2 This include shares amounting to Rs. 14,433,680 pledge with PSX against Base minimum capital requirement.			

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Tax refundable	1,137,868	1,138,135
Advance income tax - net	-	-
Ecclar Services Ltd	13,937,943	-
Loan to staff	6,525,000	27,500
Other Receivable	286,491	135,770
	<u>21,887,302</u>	<u>1,301,405</u>

11. CASH AND BANK BALANCES

Cash in hand	81,000	81,000
Cash at bank - Current	98,305	32,158,267
Saving	1,055,163	28,962,614
	<u>1,234,468</u>	<u>61,201,881</u>

11.1 This include 0 balances pertaining to clients.

12. SHARE CAPITAL

12.1 AUTHORIZED SHARE CAPITAL

2022 Number of Shares	2021 Number of Shares	2022 (Rupees)	2021 (Rupees)
<u>1,500,000</u>	<u>1,500,000</u>	<u>150,000,000</u>	<u>150,000,000</u>

ordinary shares of
Rs. 100 each

12.2 ISSUED SUBSCRIBED AND PAID-UP

<u>550,000</u>	<u>550,000</u>	<u>55,000,000</u>	<u>55,000,000</u>

ordinary shares of
Rs. 100 each fully paid
in cash

12.3 PATTERN OF SHAREHOLDING

Shareholders

Muhammad Salim Kasmani (CEO)
Usman Salim Kasmani (Director)
Ahmed Salim Kasmani (Director)
Fareeda Salim Kasmani (Director)

Number of Shares		Shareholding %	
2022.	2021	2022	2021
329,997	549,997	59.9995%	99.999%
220,001	1	40.0002%	0.0002%
1	1	0.0002%	0.0002%
1	1	0.0002%	0.0002%
550,000	550,000	100%	100%

13 LEASE LIABILITIES

2022		2021	
Minimum Lease payments	Present Value	Minimum Lease payments	Present Value
(in Rupees)			
Within one year	-	153,874	148,540
After one year but not more than five years	-	-	-
Later than five years	-	-	-
Total minimum lease payments	-	153,874	148,540
Less: Amount representing finance charges	-	(5,334)	-
Present value of minimum lease payments	-	148,540	-
Less: Current portion	-	(148,540)	(148,540)
-	-	-	-

14. TRADE AND OTHER PAYABLE

Credit balances of clients
Accrued expenses

46,688	32,102,235
316,820	2,688,351
363,508	34,790,586
46,688	32,102,235

14.1 Credit balances of clients held by the company

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, 2022.

16. REVENUE FROM CONTRACT WITH CUSTOMERS

Brokerage income

16.1

2022
(Rupees)

2021
(Rupees)

7,076,421

13,969,799

16.1 Brokerage Income- gross

Sales tax

8,133,817

16,057,240

17. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries and allowances and other benefits
Car parking fee
Travelling charges
Printing, stationary and periodicals
Utilities
Communication Expense
Rent, rates and taxes
bad debts written off
Fee & Subscription
Insurance
Entertainment
Legal and professional
Depreciation
Auditor's remuneration
Donation
Miscellaneous

17.1

2022
(Rupees)

2021
(Rupees)

6,933,000	6,566,500
50,000	30,000
54,350	-
5,386	5,347
177,277	155,549
84,832	80,078
390,000	120,000
39,152	-
323,447	267,104
19,988	18,897
112,000	104,000
392,600	710,751
611,659	1,601,520
162,000	162,000
1,590,000	1,155,000
727,959	371,511
<u>11,673,650</u>	<u>11,348,257</u>

17.1 AUDITOR'S REMUNERATION

Annual Audit fee

162,000	162,000
<u>162,000</u>	<u>162,000</u>

18 FINANCE COST

Bank Charges
Finance charges on lease

2,358	3,492
5,315	30,069
<u>7,673</u>	<u>33,561</u>

19. OTHER INCOME

Capital Gain - Investment at fair value through profit and loss
Profit on bank deposits
Profit on Deposit
others
Dividend income

(16,656,934)	25,268,722
669,558	1,224,169
170,176	5,017
4,274	209,913
6,543,350	3,299,925
<u>(9,269,576)</u>	<u>30,007,746</u>

20. TAXATION

The Company has filed return for the tax year 2021. 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
- Prior year
- Deferred
Net tax charge

20.1

1,317,292	3,785,424
-	-
-	-
<u>1,317,292</u>	<u>3,785,424</u>

- 20.1. The company has tax losses in the previous years, on which deferred tax asset amounting to Rs. 6.4 million (2021: 5.2 million) will arise. However, as there is continuous losses on account of operating income therefore deferred tax asset has not been recorded.

	2022 (Rupees)	2021 (Rupees)
20.2 Relationship between tax expense and accounting profit		
Profit before taxation	(13,874,478)	32,554,643
Tax at the applicable rate 29% (2020:29%)	(4,023,598)	9,440,846
Tax effect of income taxed under FTR	4,132,434	(5,217,425)
Deferred tax asset not recognized	1,208,456	(391,017)
	<u>1,317,292</u>	<u>3,832,404</u>

21. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

21.1. Financial instrument by category

21.1.1. Financial assets

	2022			
	At fair value through profit or loss account	At fair value through OCI	At Amortized Cost	Total
Long term loan, advances and deposits	-	-	110,000	110,000
Investment at fair value thorough OCI	-	818,400	-	818,400
Investment at fair value through P&L	73,001,794	-	-	73,001,794
Trade debts	-	-	-	-
Advances, deposits and prepayments	-	-	20,749,434	20,749,434
Bank balances	-	-	1,153,468	1,153,468
	<u>73,001,794</u>	<u>818,400</u>	<u>22,012,902</u>	<u>95,833,096</u>

	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
Advances, deposits and prepayments	-	-	163,270	163,270
Bank balances	-	-	61,120,881	61,120,881
	<u>81,232,124</u>	<u>2,788,750</u>	<u>61,908,759</u>	<u>145,929,633</u>

21.1.2 Financial Liabilities at amortized cost

2022	
Amount	Total
Trade and other Payables	363,508
	363,508
	363,508
2021	
Amount	Total
Trade and other Payables	34,790,586
Liabilities against asset subject to finance lease	148,540
	34,939,126
	2,554,102

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:

	2022	2021
	<i>Rupees</i>	
Long Term deposit	110,000	510,000
Investment at Fair Value through OCI	818,400	2,788,750
Investment at Fair Value through Profit and Loss	73,001,794	81,232,124
Trade debts	-	114,608
Bank Balances	1,153,468	61,120,881
	<u>75,083,662</u>	<u>145,766,363</u>

21.2.1.1 Bank Balances

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

	2022	2021
	<i>Rupees</i>	
AAA	244,862	1,527,256
AA	908,606	59,593,625
	<u>1,153,468</u>	<u>61,120,881</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.

	2022			
	carrying amount	contractual cash flows	up to one year	one to two years
Financial Liabilities				
Trade and other payables	363,508	363,508	363,508	-
Liabilities against asset subject to finance lease	-	-	-	-
	<u>363,508</u>	<u>363,508</u>	<u>363,508</u>	<u>-</u>

	2021				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
	34,790,586	34,790,586	34,790,586	-	-
	148,540	148,540	148,540	-	-
	34,790,586	34,790,586	34,790,586	-	-

On the balance sheet date, the company has cash and bank balances of Rs.1.23 million (2021: 61.20 million) and investments of Rs 73.82 million (2021: 84.02 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 2022	7,300,179	(7,300,179)
as at 30th June 2021	8,123,212	(8,123,212)

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 73.82 million (2021: 84.02 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	99,840,278	150,481,592
Less: Total Liabilities	(363,508)	(34,939,126)
Less: Revaluation Reserves	-	-
Capital Adequacy Level.	99,476,770	115,542,466

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 2022 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:

	2022	2021
Remuneration to Directors	4,660,000	4,404,000
Loan to Directors	6,500,000	-
	11,160,000	4,404,000

24 NUMBER OF EMPLOYEES

As at year end

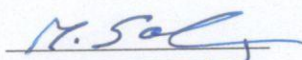
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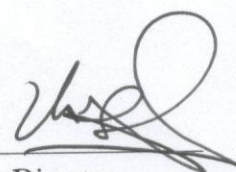
25. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on 10 OCT 2022 by the Board of Directors of the company.

26. 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



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UHY INTERNATIONAL

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