



Backers & Partners

Private Limited

formerly A.N. Equities (Pvt.) Ltd.

Securities Broker

Pakistan Stock Exchange Ltd.

Registered Office:

97 A / D - 1 Basement PEC Building

Liberty Market, Gulberg III, Lahore.

P: 042-35784242-3

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DIRECTORS' REPORT

On behalf of the Board of Directors of the Backers & Partners (Pvt.) Ltd; it gives me immense pleasure to present the Annual Report of the Company for the year ended June 30th, 2022 together with the audited financial statements for the year in accordance with the accounting, regulatory and legal standards and requirements.

CAPITAL MARKET

Due to The steep PKR depreciation KSE100 index declined by 5,815 pts during FY22. The market took a nose dive, the worst performance since its recent past. As various exogenous and macroeconomic indicators turned south, market participation remained lackluster with average volumes down 44.76% YoY to 291 million shares.

COMPANY'S PERFORMANCE

During the year, your Company has posted after tax loss of PKR 5.44 million (FY20: profit of PKR 2.69 million). The equity of the Company as at the balance sheet date is PKR 58.59 million (June 2020: PKR 69.76.92 million), which translates into book value per share of PKR 11.48 (June 30, 2020: PKR 13.68).

Despite all the adversities your company's brokerage revenue stood at 38.97 million and remained lower in comparison to the FY20 which were 91.42 million. This performance resulted due to decline in retail and online trades.

FUTURE OUTLOOK

However the course of recovery will broadly set by country's entering into IMF program and a conscious decision by the SBP to with respect to interest rates and exchange rates in FY22. The Management feels that the value of equity securities is currently at an extremely attractive level and coupled with the recent approval of the IMF program, the market is only set to stabilize; contributing to a better equity return. This will also help in the growth of Company's core income from financial services.

ACKNOWLEDGMENT

The Board of Directors wish to place on record their thanks and appreciation to all the shareholders for their continued support. The Board also wishes to place on record its appreciation for the guidance and support extended by the Securities and Exchange Commission of Pakistan (SECP) as well the Pakistan Stock Exchange Limited. Finally, the Board would like to record its appreciation to all the staff members for their hard work.

For and on behalf of the Board of Director

Lahore

Dated: 07 October 2022

Director

Chief Executive Officer



CERTIFICATE OF CAPITAL ADEQUACY LEVEL

We, being the statutory auditor of M/s. Backers & Partners (Private) Limited, certify that the following information is correct and authenticated by us after due diligence from our side as at June 30, 2022.

	Note	<u>RUPEES</u>
Total Assets	1	253,528,923
Less: Total Liabilities		35,938,903
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-
Capital Adequacy Level		<u>217,590,020</u>

Note:

1. While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by such Participant as at year ended June 30, 2022 as determined by Pakistan Stock Exchange has been considered.


CHARTERED ACCOUNTANTS

Dated: 24 OCT 2022

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CHARTERED ACCOUNTANTS

Dated: 24 OCT 2022

Independent Auditor's Report to the members of BACKERS & PARTNERS (PVT.) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **BACKERS & PARTNERS (PVT.) LIMITED**, which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and
- e) the company has duly complied with the requirements of Section 78 of the Securities Act, 2015 and Section 62 of the Futures Market Act, 2016 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 and the Futures Brokers (Licensing and Operations) Regulations, 2018 as at the date on which the financial statements were prepared.


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


CHARTERED ACCOUNTANTS
Lahore: 24 OCT 2022

BACKERS & PARTNERS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	2,836,441	2,178,833
Intangible assets	6	2,500,000	2,500,000
Long term investment	7	15,832,971	18,111,704
Long term deposits	8	1,500,000	1,300,000
		22,669,412	24,090,537
CURRENT ASSETS			
Trade debts	9	126,333,686	63,843,915
Receivable against margin financing	10	16,240,587	78,703,759
Loan and advances	11	4,981,295	2,392,666
Accrued interest	12	1,837,288	1,832,477
Investment at fair value through profit or loss	13	249,115	361,890
Trade deposits, short term prepayments and current account balances with statutory authorities	14	44,381,270	110,446,868
Cash and bank balances	15	36,836,270	41,511,955
		230,859,511	299,093,530
		253,528,923	323,184,067
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	16	51,000,000	51,000,000
Revenue reserve (Accumulated loss)/un-appropriated profit		(870,998)	4,566,269
Capital reserve			
Fair value adjustment reserve	17	8,461,018	14,195,660
		58,590,020	69,761,929
Long term loans from related parties	19	159,000,000	139,000,000
		217,590,020	208,761,929
NON-CURRENT LIABILITIES			
Deferred liabilities	18	3,507,927	-
		3,507,927	-
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	20	1,870,486	5,288,326
Trade and other payables	21	26,527,229	30,745,429
Provident fund payable	22	4,033,261	3,388,383
Loan from related parties	23	-	75,000,000
Provision for taxation		-	-
		32,430,976	114,422,138
CONTINGENCIES AND COMMITMENTS			
	24	-	-
		253,528,923	323,184,067

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



CHIEF EXECUTIVE


DIRECTOR

BACKERS & PARTNERS (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Brokerage and commission	25	38,971,633	91,422,076
Direct cost	26	<u>(17,079,675)</u>	<u>(47,345,495)</u>
		21,891,958	44,076,581
Operating expenses	27	<u>(45,627,074)</u>	<u>(43,582,374)</u>
Other operating expenses	28	<u>(352,169)</u>	<u>(23,855,442)</u>
Other income	29	<u>19,662,389</u>	<u>28,685,664</u>
		<u>(26,316,854)</u>	<u>(38,752,152)</u>
OPERATING (LOSS)/PROFIT		(4,424,896)	5,324,429
Finance cost	30	<u>(80,541)</u>	<u>(59,835)</u>
(LOSS)/PROFIT BEFORE TAXATION		(4,505,437)	5,264,594
Taxation	31	<u>(931,830)</u>	<u>(2,695,598)</u>
(LOSS)/PROFIT FOR THE YEAR		<u>(5,437,267)</u>	<u>2,568,996</u>
EARNINGS PER SHARE-BASIC AND DILUTED	32	<u>(1.07)</u>	<u>0.50</u>

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

Ahmed R. Khan

CHIEF EXECUTIVE

Ahmed R. Khan

DIRECTOR

BACKERS & PARTNERS (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
(Loss)/profit for the year	(5,437,267)	2,568,996
Items that may be reclassified subsequently to statement of profit or loss		
(Loss)/gain on available for sale investment	(2,278,733)	10,269,488
Deferred tax on available for sale investment	(3,455,909)	-
Items that will not be reclassified subsequently to statement of profit or loss	-	-
Other comprehensive (loss)/income for the year	(5,734,642)	10,269,488
Total comprehensive (loss)/income for the year	<u>(11,171,909)</u>	<u>12,838,484</u>

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


CHIEF EXECUTIVE


DIRECTOR

BACKERS & PARTNERS (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

(Loss)/profit before taxation

Adjustments for non cash items:

Depreciation
Loss/(gain) on remeasurement of investment at fair value
Interest income
Impairment of Trading right entitlement certificate (TREC)
Balances written back
Provision for doubtful debts
Reversal of provision for doubtful debts
Balances written off

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Operating Cash Flows Before Working Capital Changes

(Increase)/ Decrease in Working Capital
(Increase)/ decrease in current assets

Trade debts
Receivable against margin financing
Loans and advances
Investment at fair value through profit or loss
Loans to related party
Trade deposits and short term prepayments
Increase / (decrease) in current liabilities
Deposits, accrued liabilities and advances
Provident fund payable
Trade and other payables

Cash Generated From/(Used In) Operations

Taxes paid

Net Cash Generated From/(Used In) Operations

	2022 Rupees	2021 Rupees
	(4,505,437)	5,264,594
	583,795	472,830
	112,775	(225,075)
	(62,504)	(18,869)
	-	1,600,000
	(226,867)	-
	-	185,873
	(170,009)	-
	239,394	21,964,277
	476,584	23,979,036
	(4,028,853)	29,243,630
	(62,319,762)	11,235,517
	62,463,172	(44,906,759)
	(2,828,023)	(640,095)
	-	-
	-	2,600,000
	67,041,492	(83,807,216)
	(3,417,840)	3,525,304
	644,878	877,084
	(3,592,688)	7,391,860
	57,991,229	(103,724,305)
	53,962,376	(74,480,675)
	(2,454,351)	(2,388,016)
	(2,454,351)	(2,388,016)
	51,508,025	(76,868,691)

BACKERS & PARTNERS (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

Issued subscribed and paid up Capital	Un- appropriated profit	Fair value adjustment reserve	Sub Total	Long term loans	Total
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----- (R u p e e s) -----

Balance as at June 30, 2020	51,000,000	1,997,273	3,926,172	56,923,445	99,000,000	155,923,445
Long term loan received	-	-	-	-	40,000,000	40,000,000
Profit after taxation	-	2,568,996	-	2,568,996	-	2,568,996
Other comprehensive income	-	-	10,269,488	10,269,488	-	10,269,488
Total comprehensive income for the year	-	2,568,996	10,269,488	12,838,484	-	12,838,484
Balance as at June 30, 2021	51,000,000	4,566,269	14,195,660	69,761,929	139,000,000	208,761,929
Long term loan received	-	-	-	-	20,000,000	20,000,000
Loss after taxation	-	(5,437,267)	-	(5,437,267)	-	(5,437,267)
Other comprehensive loss	-	-	(5,734,642)	(5,734,642)	-	(5,734,642)
Total comprehensive loss for the year	-	(5,437,267)	(5,734,642)	(11,171,909)	-	(11,171,909)
Balance as at June 30, 2022	51,000,000	(870,998)	8,461,018	58,590,020	159,000,000	217,590,020

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



CHIEF EXECUTIVE



DIRECTOR

BACKERS & PARTNERS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 COMPANY AND ITS OPERATION

- 1.1** Backers & Partners (Pvt.) Limited (the Company), was incorporated in Pakistan on August 11, 2014 under the Companies Ordinance, 1984 (now the Companies Act, 2017) as a private company limited by shares. The registered office of the Company is situated at 97 A/D -1, Basement PEC Building, Liberty Market, Gulberg III, Lahore. The Company is a Trading Right Entitlement Certificate holder of the Pakistan Stock Exchange Limited and engaged in providing brokerage services.

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

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

2.2 BASIS OF MEASUREMENT

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


2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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



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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 PROPERTY AND EQUIPMENT

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

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

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

3.2 INTANGIBLE ASSETS

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

3.2.1 Membership card and offices

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

3.2.2 Computer Software

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

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

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

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized is charged using straight line method.

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

3.3 FINANCIAL ASSETS

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

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3.3.1 Held to Maturity

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

3.3.2 At fair value through profit or loss

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

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

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

3.3.3 Available-for-sale

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

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

3.3.4 Loans and Receivables

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

3.4 FINANCIAL LIABILITIES


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

3.5 OFF-SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

3.6 EMPLOYEE BENEFITS

The company is in the process of registration of trust against defined contribution plan i.e. "Provident Fund" for all its permanent employees. Equal monthly contribution are made both by the Company and employees at the rate of 10% of the basic salary and these are being kept in separate bank account maintained by the company as referred to note 16.1 to the financial statements.



3.7 TRADE DEBTS AND OTHER RECEIVABLES

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

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

3.8 CASH AND CASH EQUIVALENTS

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

3.9 BORROWINGS

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

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

3.10 TAXATION

Current

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

Deferred

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

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

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

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

3.11 TRADE AND OTHER PAYABLES

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

3.12 PROVISIONS

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

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

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

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

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

3.13 CONTINGENT LIABILITIES

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

3.14 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

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


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

3.15 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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



3.16 REVENUE RECOGNITION

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

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

3.17 BASIC AND DILUTED EARNINGS PER SHARE


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

3.18 RELATED PARTY TRANSACTIONS

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

3.19 TRADE DATE ACCOUNTING

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



5 PROPERTY AND EQUIPMENT

Particulars	Cost			Depreciation				Book value
	As at June 30, 2021	Additions	(Deletions)	As at June 30, 2022	Rate %	As at June 30, 2021	Charge for the year	Adjustment

Rupees

Rupees

OWNED

Computers	556,222	143,000	-	699,222	30%	431,268	58,071	-	489,339	209,883
Furniture and fixtures	1,058,613	471,577	-	1,530,190	20%	619,078	182,222	-	801,300	728,890
Office equipment	2,113,456	-	-	2,113,456	15%	1,048,799	159,659	-	1,208,498	904,958
Electric equipment	235,125	626,826	-	861,951	15%	83,338	104,223	-	187,561	674,390
Vehicles	1,821,443	-	-	1,821,443	20%	1,423,543	79,580	-	1,503,123	318,320

5,784,859 1,241,403 - 7,026,262

3,606,026 583,795 - 4,189,821 2,836,441

5.1 PROPERTY AND EQUIPMENT

Particulars	Cost			Depreciation				Book value	
	As at June 30, 2020	Additions	(Deletions)	As at June 30, 2021	Rate %	As at June 30, 2020	Charge for the year	Adjustment	As at June 30, 2021

Rupees

Rupees

OWNED

Computers	545,722	10,500	-	556,222	30%	380,341	50,927	-	431,268	124,954
Furniture and fixtures	1,012,613	46,000	-	1,058,613	20%	511,111	107,997	-	619,078	439,535
Office equipment	2,099,456	14,000	-	2,113,456	15%	861,124	187,675	-	1,048,799	1,064,657
Electric equipment	235,125	-	-	235,125	15%	56,552	26,736	-	83,338	151,787
Vehicles	1,821,443	-	-	1,821,443	20%	1,324,068	99,475	-	1,423,543	397,900

5,714,359 70,500 - 5,784,859

3,133,196 472,830 - 3,606,026 2,178,833

5.2 Allocation of depreciation

Note	2022	2021
Operating expenses	27	583,795 472,830

27

583,795

472,830

	Note	2022 Rupees	2021 Rupees
6 INTANGIBLE ASSETS			
Trading right entitlement certificate (TREC)		2,500,000	4,100,000
Less: Impairment		-	(1,600,000)
	6.1	<u>2,500,000</u>	<u>2,500,000</u>

- 6.1 This represents Trading Right Entitlement Certificate (TREC) received from the Pakistan Stock Exchange Limited without any additional payment, in lieu of TREC issued by the Lahore Stock Exchange Limited, surrendered on, January 10, 2016 on the consequence of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Trading Right Entitlement Certificate is pledged/mortgaged with the Pakistan Stock Exchange Limited as a collateral for running the brokerage business.

	Note	2022 Rupees	2021 Rupees
7 LONG TERM INVESTMENT			
Unquoted - Shares of LSE Financial Services Limited:			
Available for sale			
Carrying value		3,916,044	3,916,044
Fair value adjustment during the year		<u>11,916,927</u>	<u>14,195,660</u>
	7.1	<u>15,832,971</u>	<u>18,111,704</u>

- 7.1 This represents the investment in 843,975 (2021: 843,975) unquoted ordinary shares of M/s. LSE Financial Services Limited. The Company has pledged 843,975 shares of LSE Financial Services Limited with the Pakistan Stock Exchange to fulfill the Base Minimum Capital requirement. The Company, as per its policy, the valuation of the aforementioned investments have been made on the basis (technique) of Discounted Cash Flow of Earnings method. Assumptions and inputs used in the valuation are post-tax earnings, historic growth rate of earning, rate of return on equity, risk premium. Principal assumptions used in the valuation of above unquoted investments are based on current market/industry conditions in respect of discount rate and growth rate. Business net cash flow forecast over an indefinite (infinity) has been assumed after projection period of 5 years.

	Note	2022 Rupees	2021 Rupees
8 LONG TERM DEPOSITS			
Deposits with:			
National Clearing Company of Pakistan Ltd.		1,400,000	1,200,000
Central Depository Company Limited		<u>100,000</u>	<u>100,000</u>
		<u>1,500,000</u>	<u>1,300,000</u>

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	Note	2022 Rupees	2021 Rupees
9 TRADE DEBTS			
Receivable from clients on account of:			
Considered good			
Purchase of shares on behalf of clients		21,658,282	60,651,711
Less: Balances written off		(15,864)	(21,453,856)
		21,642,418	39,197,855
Receivable from related party	9.1	101,993,410	18,083,957
		123,635,828	57,281,812
Less: Provision for doubtful debts	9.3	-	(185,873)
	9.4	123,635,828	57,095,939
Receivable from National Clearing Company of Pakistan Limited		2,697,858	6,747,976
		126,333,686	63,843,915

9.1 Receivable from related party comprises of the following:

Name	Basis of relationship	Maximum aggregate amount Rupees	2022 Rupees	2021 Rupees
Talat Baig	Relative of Director	5,533,420	4,435,860	5,267,690
Rimal Saqib	Relative of Director	51,170,812	51,170,812	12,849
Rimal Saqib	Relative of Director	1,700	-	1,700
Rimal Saqib	Relative of Director	15,471,176	15,471,176	-
Aamir Baig	Director	2,850,363	2,850,363	737,609
Aamir Baig	Director	3,213,530	2,937,093	-
Saima Naeem	Relative of Director	144,477	144,477	129,913
Saima Naeem	Relative of Director	3,883,127	3,697,039	10,030,222
Saima Naeem	Relative of Director	18,540,388	18,540,388	-
Ahmed Naeem	Director	2,663,767	2,663,767	553,974
Shaharyar Saqib	Relative of Director	7,679,836	82,435	-
Ahmed Naeem	Director	1,350,000	-	1,350,000
			101,993,410	18,083,957

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

	Upto 1 months	1 to 6 months	More than 6 months	As at June 30, 2022
	-----Rupees-----			
Talat Baig	4,435,860	-	-	4,435,860
Rimal Saqib	51,170,812	-	-	51,170,812
Rimal Saqib	15,471,176	-	-	15,471,176
Aamir Baig	2,937,093	-	-	2,937,093
Aamir Baig	2,850,363	-	-	2,850,363
Saima Naeem	144,477	-	-	144,477
Saima Naeem	3,697,039	-	-	3,697,039
Saima Naeem	18,540,388	-	-	18,540,388
Ahmed Naeem	2,663,767	-	-	2,663,767
Shaharyar Saqib	82,435	-	-	82,435
	<u>101,993,410</u>	<u>-</u>	<u>-</u>	<u>101,993,410</u>

9.3 Movement is as follows

	Note	2022 Rupees	2021 Rupees
Opening balance		185,873	-
Provision made during the year		-	21,639,729
Balances written off		(15,864)	(21,453,856)
Reversal for provision for doubtful debts		(170,009)	-
		<u>-</u>	<u>185,873</u>

9.4 Aging Analysis

	Upto 1 months	1 to 6 months	More than 6 months	As at June 30, 2022
	-----Rupees-----			
Purchase of shares on behalf of clients	117,572,044	5,980,148	83,636	123,635,828

10 RECEIVABLE AGAINST MARGIN FINANCING

Margin financing facility is provided to clients on markup basis ranging from 12.00% to 16.00% (2021: 12.00% to 15.00%) per annum.

11 LOANS AND ADVANCES

	Note	2022 Rupees	2021 Rupees
Advances to: (unsecured and interest free)			
Employees		414,794	968,552
Supplier		500,000	500,000
Director	11.1	3,500,000	-
Loan to: (unsecured and interest bearing)			
Employee		566,501	924,114
		<u>4,981,295</u>	<u>2,392,666</u>

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Note	2022 Rupees	2021 Rupees
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11.1 Advance to director

Balance as at July 01,
Received during the year
Repayments made during the year

-	-
3,500,000	-
-	-
<u>3,500,000</u>	<u>-</u>

11.2 Advance to director comprises of the following:

Name	Basis of relationship	Maximum aggregate amount Rupees	2022 Rupees	2021 Rupees
Ahmad Naeem	Director	3,500,000	3,500,000	-

11.3 Aging analysis of loan to Director

	Upto 1 months	1 to 6 months	More than 6 months	As at June 30, 2022
	-----Rupees-----			
Loan to Mr. Ahmad Nadeem	-	3,500,000	-	3,500,000

11.4 This advance is to recoverable on demand and will be settled in next twelve months.

Note	2022 Rupees	2021 Rupees
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12 ACCRUED INTEREST

This includes interest accrued on loan to director of the company Mr. Aamir Baig amounting Rs.1,832,477 (2021: Rs.1,832,477).

12.1 Accrued interest comprises of the following:

Name	Basis of relationship	Maximum aggregate amount Rupees	2022 Rupees	2021 Rupees
Loan to Mr. Aamir Baig	Director	1,837,288	1,837,288	1,832,477

13 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Note

Carrying value
(Loss)/ gain on re-measurement of investment

361,890	136,815
(112,775)	225,075
<u>249,115</u>	<u>361,890</u>

13.1

13.1 This includes shares having carrying value of Rs.nil (2021: Rs. nil) pledged with financial institutions and shares amounting Rs.nil (2021: Rs.nil) pledged with National Clearing Company of Pakistan Limited for exposure margins.

	Note	2022 Rupees	2021 Rupees
14 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES			
Deposits with:			
National Clearing Company of Pakistan Ltd.	14.1	35,980,000	103,032,422
Sales tax refundable		10,930	-
Tax deducted at source		8,390,340	7,414,446
		<u>44,381,270</u>	<u>110,446,868</u>

14.1 This represents deposit with National Clearing Company of Pakistan Limited against exposure margin in respect of trade in future and ready market. These deposits carry profit at rates ranging from 5% to 10% (2021: 3% to 6%) per annum.

	Note	2022 Rupees	2021 Rupees
15 CASH AND BANK BALANCES			
These were held as under:			
In hand		757,200	834,191
At banks - in current accounts			
Pertaining to brokerage house		406,228	100,825
		406,228	100,825
At banks - in saving accounts			
Pertaining to brokerage house	15.1	11,610,876	6,542,999
Pertaining to clients		24,061,967	34,033,940
		<u>35,672,843</u>	<u>40,576,939</u>
		<u>36,836,270</u>	<u>41,511,955</u>

15.1 This includes separate saving account having balance amounting Rs. 4,033,261 (2021: Rs.3,422,135) in respect of employees' provident fund payable in compliance with the requirements of section 218 of the Companies Act, 2017.

	Note	2022 Rupees	2021 Rupees
16 SHARE CAPITAL			
Authorized			
10,000,000 (2021: 10,000,000) ordinary shares of Rs.10 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up			
5,100,000 (2021: 5,100,000) ordinary shares of Rs.10 each fully paid in cash		<u>51,000,000</u>	<u>51,000,000</u>

16.1 Pattern of Shareholding:

	% of shares held		Number of shares held	
	2022	2021	2022	2021
Individuals				
Chief Executive				
Ahmed Nadeem	66.95%	66.95%	3,414,500	3,414,500
Directors				
Aamir Baig	0.01%	0.01%	500	500
Ahmed Naeem	0.01%	0.01%	500	500
Shareholders				
Tania Nadeem	19.95%	19.95%	1,017,500	1,017,500
Rimal Saqib	13.06%	13.06%	666,000	666,000
Shaharyar Saqib	0.02%	0.02%	1,000	1,000
	100%	100%	5,100,000	5,100,000

17 FAIR VALUE ADJUSTMENT RESERVE

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

	Note	2022 Rupees	2021 Rupees
18 DEFERRED LIABILITIES			
Deferred Taxation			
Deferred credits/(debits) arising due to:			
Accelerated tax depreciation		52,018	49,792
Gain on long term investment		3,455,909	-
Provision for doubtful debts		-	(53,903)
Brought forward losses		(1,352,755)	(48,661)
Loss on short term investment - net		(16,916)	
Capital gain on short term investment		(27,261)	
Minimum tax		(2,491,342)	(1,777,043)
Alternative corporate taxes		(842,738)	(842,738)
Deferred tax asset not recognized		4,731,012	2,672,553
		<u>3,507,927</u>	<u>-</u>
Balance as at July 01,		-	-
Add: Charge for the year in profit or loss		52,018	-
Add: Charge for the year in OCI		<u>3,455,909</u>	<u>-</u>
		<u>3,507,927</u>	<u>-</u>

18.1 At the year end, net deductible temporary differences, taxable losses and tax credits resulted in a net deferred tax asset of Rs. 4.73 million (2021: Rs.2.67 million). However, deferred tax asset has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2023.

18.2 Minimum taxes would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum taxes (Rupees)	Accounting year in which minimum tax will expire
2021	1,777,043	2026
2022	714,299	2027

18.3 Alternative corporate taxes would expire as follows:

Accounting year to which alternative corporate taxes relates	Amount alternative corporate taxes (Rupees)	Accounting year in which credit will expire
2020	842,738	2030

18.4 Business losses would expire are as follows:

Accounting year to which business loss relates	Amount business losses (Rupees)	Accounting year in which business loss will expire
2019	167,795	2025
2022	3,915,790	2028

18.5 Depreciation losses would expire are as follows:

Accounting year to which depreciation loss relates	Amount depreciation losses (Rupees)	Accounting year in which depreciation loss will expire
2022	581,087	No expiry limit

18.6 Capital losses would expire are as follows:

Accounting year to which capital loss relates	Amount capital losses (Rupees)	Accounting year in which capital loss will expire
2020	70,097	2023
2021	110,964	2024
2022	681	2025

		Note	2022 Rupees	2021 Rupees
19	LONG TERM LOANS FROM RELATED PARTIES			
	Name of the party	Basis of relationship		
	Mr. Amir Baig	Director 19.1 & 19.3	30,000,000	30,000,000
	Mrs. Rimal Saqib	Shareholder 19.3	65,000,000	65,000,000
	Mr. Ahmad Naeem	Director 19.3	14,000,000	14,000,000
	Mr. Ahmad Nadeem	Chief Executive 19.2 & 19.3	50,000,000	30,000,000
			<u>159,000,000</u>	<u>139,000,000</u>
19.1	Loan from Mr. Aamir Baig			
	Balance as at July 01,		-	-
	Recieved during the year		-	30,000,000
	Repayments/adjustments made during the year		-	-
			<u>-</u>	<u>30,000,000</u>
19.2	Loan from Mr. Ahmad Nadeem			
	Balance as at July 01,		30,000,000	20,000,000
	Recieved during the year		20,000,000	10,000,000
	Repayments/adjustments made during the year		-	-
			<u>50,000,000</u>	<u>30,000,000</u>
19.3	These represent long term loans obtained from the related parties. These are payable at the discretion of the company.			
		Note	2022 Rupees	2021 Rupees
20	DEPOSITS, ACCRUED LIABILITIES AND ADVANCES			
	Accrued expenses		<u>1,870,486</u>	<u>5,288,326</u>
21	TRADE AND OTHER PAYABLES			
	Creditors for sale of shares on behalf of clients	21.1 & 21.3	21,981,542	25,237,424
	Tax deducted at source payable		213,265	811,910
	Punjab workers welfare fund payable		105,292	105,292
	Sales tax payable		2,923,725	3,845,772
	Other payables	21.2	<u>1,303,406</u>	<u>745,031</u>
			<u>26,527,229</u>	<u>30,745,429</u>
21.1	The total value of securities pertaining to clients are Rs. 364,365,699 held in sub-accounts of the company. No security is pledged by client to the financial institutions.			
21.2	This includes payable against subsequent settlement as referred to note 24.1 to the financial statements amounting Rs.500,000.			

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

Name of related party	Basis of relationship	2022 Rupees	2021 Rupees
Mr. Ahmad Naeem	Director	260,249	260,249
Mr. Ahmad Nadeem	Chief Executive	4,113,323	9,207,706
		<u>4,373,572</u>	<u>9,467,955</u>

22 PROVIDENT FUND PAYABLE

Provident fund payable	22.1	<u>4,033,261</u>	<u>3,388,383</u>
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22.1 This includes balance payable to Mr. Ahmed Naeem-director of the company amounting Rs.3,732,232 (2021: Rs. 2,615,185).

	Note	2022 Rupees	2021 Rupees
23 LOAN FROM RELATED PARTIES			
Mr. Ahmad Nadeem	23.1 & 23.2	-	75,000,000
		<u>-</u>	<u>75,000,000</u>

23.1 Loan from Mr. Ahmad Nadeem

Balance as at July 01,	75,000,000	-
Received during the year	20,000,000	197,500,000
Repayments made during the year	<u>(95,000,000)</u>	<u>(122,500,000)</u>
	<u>-</u>	<u>75,000,000</u>

23.2 The Company had obtained interest free and unsecured loan from Mr. Ahmad Nadeem, Chief Executive of the company. During the year, as per terms of the agreement, the company has repaid all outstanding liability.

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

A complain was filed with SECP in 2018 by one of account holder Mr. Naeem Tahir Sheikh, claiming charging of excess commission, misappropriation of funds and incorrect calculation of margin and financial charges by the company. Appellate Panel of Arbitrators vide its order dated June 27, 2019 has given its verdict against the company to pay amounting Rs. 1,053,000 to the said account holder. The Company had approached the learned Civil Court and challenged the arbitration award of the Appellate Panel of Arbitrators of the PSX. Thereafter, the learned civil court had restrained the Pakistan Stock Exchange Ltd. and its Regulatory Affairs Department from adopting any coercive measure without adopting the due course of law vide its order dated July 17, 2019 against the said Arbitration award of the Appellate Panel (the Impugned Award). Subsequent to the year end, the company has made out of court settlement against consideration amounting Rs.500,000 and the application for setting aside order has been dismissed.

24.2 Commitments

Commitments as at reporting date were Rs. nil (2021: Rs. nil).

25	BROKERAGE AND COMMISSION	Note	2022 Rupees	2021 Rupees
	Brokerage and commission		45,207,095	106,049,608
	Less: Sales tax		(6,235,461)	(14,627,532)
			<u>38,971,633</u>	<u>91,422,076</u>
26	DIRECT COST			
	Charges paid to /against:			
	Central Depository Company		359,645	701,895
	LSE Financial Services Limited		-	31,200
	Pakistan Stock Exchange Limited charges		1,427,616	3,523,440
	National Clearing Company of Pakistan Limited		1,004,444	1,903,829
	Commission paid		<u>14,287,971</u>	<u>41,185,131</u>
			<u>17,079,675</u>	<u>47,345,495</u>
27	OPERATING EXPENSES			
	Director's remuneration	27.1	7,448,970	7,025,603
	Staff salaries and benefits	27.2	26,012,637	24,632,804
	Rent, rates and taxes		1,641,340	1,660,870
	Communication		754,985	761,391
	Postage and courier		29,430	24,639
	Legal and professional	27.3	670,425	408,958
	Fee and subscription		92,125	28,262
	Printing and stationery		105,760	102,778
	Repair and maintenance		845,985	423,391
	Vehicle running and maintenance		120,000	720,000
	Software maintenance		56,026	25,488
	Traveling and conveyance		3,328,135	3,240,495
	Entertainment		1,435,902	1,540,023
	Utilities		1,648,725	1,378,339
	Depreciation	5	583,795	472,830
	Miscellaneous		<u>852,834</u>	<u>1,136,503</u>
			<u>45,627,074</u>	<u>43,582,374</u>

27.1 This includes provident fund expense amounting Rs. 395,000.

27.2 This includes provident fund expense amounting Rs. 300,003.

27.3 Auditors' remuneration

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

28.3.1	Amin, Mudassar & Co. Chartered Accountants	Note	2022 Rupees	2021 Rupees
	Statutory audit		199,500	183,750
	Certification fee		<u>169,050</u>	<u>75,600</u>
			<u>368,550</u>	<u>259,350</u>

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	Note	2022 Rupees	2021 Rupees
28 OTHER OPERATING EXPENSES			
Balances written off		-	21,964,277
Loans and advances write off		239,394	-
Loss on remeasurement of investment at fair value		112,775	-
Provision for doubtful debts		-	185,873
Punjab workers welfare fund		-	105,292
Impairment of Trading right entitlement certificate (TREC)		-	1,600,000
		<u>352,169</u>	<u>23,855,442</u>

29 OTHER INCOME

Income from financial assets

Dividend income		1,093,228	590,783
Profit on savings account		6,171,308	4,254,020
Unrealised gain on re-measurement of investment at fair value		-	225,075
Interest on loan to Mr Aamir Baig - Director		-	518,574
Interest on loan to staff		62,504	18,869
Profit on exposure deposits		1,890,080	2,554,873
Marginal finance income		6,204,809	6,968,586
		<u>15,421,929</u>	<u>15,130,780</u>

Income from assets other than financial assets

Other charges recovered from clients	29.1	3,843,584	12,583,182
Balance written back		226,867	-
Reversal of provision of doubtful debts		170,009	971,702
		<u>4,240,460</u>	<u>13,554,884</u>
		<u>19,662,389</u>	<u>28,685,664</u>

29.1 This represents charges recovered from clients amounting Rs. 4,458,557 net of sales tax amounting Rs. 614,973.

	Note	2022 Rupees	2021 Rupees
30 FINANCE COST			
Bank and other charges		<u>80,541</u>	<u>59,835</u>
		<u>80,541</u>	<u>59,835</u>

31 TAXATION

Income tax:			
-Current		878,283	1,865,660
-Prior year		1,529	829,938
-Deferred		52,018	-
		<u>931,830</u>	<u>2,695,598</u>

31.1 Income tax assessment of the Company have been finalized up to tax year 2021 on the basis of returns filed as the company did not receive any correspondence in this respect from the FBR.

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

32 EARNINGS PER SHARE - BASIC AND DILUTED	2022	2021
(Loss)/profit for the year - Rupees	<u>(5,437,267)</u>	<u>2,568,996</u>
Weighted average number of ordinary shares outstanding during the year - Numbers	<u>5,100,000</u>	<u>5,100,000</u>
Earnings per share - Rupees	<u>(1.07)</u>	<u>0.50</u>
33 NUMBER OF EMPLOYEES	2022	2021
	(N u m b e r)	
Total number of employees at the end of the year	<u>18</u>	<u>29</u>
Average number of employees at the year end	<u>34</u>	<u>32</u>

34 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2022 Rupees	2021 Rupees
Remuneration of Chief Executive		
Gross remuneration	-	-
Provident fund contribution	-	-
	<u>-</u>	<u>-</u>
Number of persons	<u>1</u>	<u>1</u>
Remuneration of Director		
Gross remuneration	7,053,970	6,823,468
Provident fund contribution	395,000	202,135
	<u>7,448,970</u>	<u>7,025,603</u>
Number of persons	<u>2</u>	<u>1</u>
Remuneration of Executives		
Gross remuneration	13,928,661	3,204,400
Provident fund contribution	167,403	153,400
	<u>14,096,064</u>	<u>3,357,800</u>
Number of persons	<u>8</u>	<u>1</u>

35 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

Financial assets

At fair value through profit or loss

Investment at fair value through profit or loss	249,115	361,890
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Available for sale

Long term investment	15,832,971	18,111,704
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Loans and receivables

Long term deposits	1,500,000	1,300,000
Trade debts	126,333,686	63,843,915
Receivable against margin financing	16,240,587	78,703,759
Loans and advances	4,981,295	2,392,666
Accrued interest	1,837,288	1,832,477
Trade deposits	35,980,000	103,032,422
Cash and bank balances	36,836,270	41,511,955
	<u>223,709,127</u>	<u>292,617,194</u>

Financial liabilities

At amortized cost

Deposits, accrued liabilities and advances	1,870,486	5,288,326
Trade and other payables	26,527,229	30,745,429
Provident fund payable	4,033,261	3,388,383
Loan from related parties	-	75,000,000
	<u>32,430,976</u>	<u>114,422,138</u>

36 CORRESPONDING FIGURES

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



37 LIQUID CAPITAL BALANCE

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

S. No.	Head of Account	Value in Pak Rupees	Hair Cut/Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	2,836,441	100.00%	-
1.2	Intangible Assets	2,500,000	100.00%	-
1.3	Investment in Govt. Securities	-	-	-
	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	249,115	54,651	194,464
	ii. If unlisted, 100% of carrying value.	15,832,971	100.00%	-
1.5	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker are not included in the investments of securities broker	-	-	-
	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017). Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	-	-
1.6	Investment in subsidiaries	-	100.00%	-
	Investment in associated companies/undertaking			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,500,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	35,980,000	-	35,980,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	8,401,270	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	1,837,288	100.00%	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing.			
	Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	-		
	Receivables other than trade receivables	4,981,295	100.00%	-
	Receivables from clearing house or securities exchange(s)	-		-
1.16	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	2,697,858	-	2,697,858
	ii) Receivable on entitlements against trading of securities in all markets including MTM gains.	-		
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. Lower of net balance sheet value or value determined through adjustments.	16,240,587	4,715,193	11,525,395
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut	-	5.00%	-

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.17	iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i>	-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	1,324,808	-	1,324,808
	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. <i>v. Lower of net balance sheet value or value determined through adjustments</i>	20,317,610	14,136,925	6,180,685
	vi. 100% haircut in the case of amount receivable from related parties.	101,993,410	100.00%	-
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	12,017,104	-	12,017,104
	ii. Bank balance-customer accounts	24,061,967	-	24,061,967
	iii. Cash in hand	757,200	-	757,200
1.19	Total Assets	253,528,923		94,739,480
2. Liabilities				
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	21,981,542	-	21,981,542
2.2	Current Liabilities			
	i. Statutory and regulatory dues	3,242,282	-	3,242,282
	ii. Accruals and other payables	7,207,153	-	7,207,153
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	Non-Current Liabilities			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease	-	-	-
	b. Other long-term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.	-	-	-
	iv. Other liabilities as per accounting principles and included in the financial statements	3,507,927	-	3,507,927
2.4	Subordinated Loans			
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange	-	-	-
2.5	Total Liabilities	35,938,903		35,938,903

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3. Ranking Liabilities Relating to :				
Concentration in Margin Financing				
3.1	The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	6,216,371	6,216,371
Concentration in securities lending and borrowing				
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
Net underwriting Commitments				
3.3	(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
Negative equity of subsidiary				
3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
Foreign exchange agreements and foreign currency positions				
3.5	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
Repo adjustment				
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
Concentrated proprietary positions				
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	21,552	21,552
Opening Positions in futures and options				
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts	-	-	-
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-
Short sell positions				
3.10	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
	Total Ranking Liabilities	-	6,237,923	6,237,923
Liquid Capital Balance		217,590,021	52,562,654	52,562,654

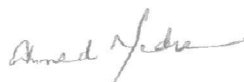
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38 GENERAL

Figures have been rounded off to the nearest of rupee.

39 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 24 OCT 2022 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR