

AL-HAQ SECURITIES (PRIVATE) LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Independent Auditor's Report To The Members Of
Al-Haq Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Al-Haq Securities (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2022, the statement of profit or loss and other 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 and other comprehensive income, the statement of changes in equity and 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 profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report thereon

Management is responsible for the other information presented along with the financial statements and the auditors' report thereon. With respect to the Company the other information comprises only the Director's Report on the operations of the Company.

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 is responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (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 was in compliance with requirement of section 78 of the Securities Act, 2015, and the relevant requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016 as on the date of statement of financial position.

The Engagement partner on the audit resulting in this independent auditors' report is Osman Hameed Chaudhri.

LAHORE; October 07, 2022
UDIN: AR202210104HBS3AR4G0

Shinewing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

AL-HAQ SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

		2022	2021
		----- Rupees -----	
Assets	Note		
Non current assets			
Operating fixed assets	4	2,884,294	414,173
Intangible assets	5	9,600,000	9,600,000
Long term investment	6	-	19,673,057
Security deposits	7	2,150,000	2,150,000
		<u>14,634,294</u>	<u>31,837,230</u>
Current assets			
Short term investments	8	2,435,564	4,383,323
Due from clients	9	9,698,802	23,520,093
Advances and other receivables	10	596,850	475,850
Tax deducted at source		7,799,567	7,818,459
Exposure deposit		24,400,000	24,400,000
Cash and bank balances	11	36,365,979	49,788,165
		<u>81,296,762</u>	<u>110,385,890</u>
Assets held for sale	12	19,673,057	-
		<u>115,604,113</u>	<u>142,223,120</u>
Total Assets			
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
1000,000 ordinary shares of Rs.100 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up capital			
608,410 ordinary shares of Rs.100 each		60,841,000	60,841,000
Unrealised gain on remeasurement of investment at fair value through other comprehensive income		4,785,338	4,785,338
Revenue reserves - unappropriated profit		4,582,345	3,810,828
		<u>70,208,683</u>	<u>69,437,166</u>
Liabilities			
Current liabilities			
Trade and other payables	13	37,901,391	61,770,682
Short term finance	14	6,604,891	10,323,232
Accrued mark-up		347,820	425,967
Taxation	15	541,328	266,073
		<u>45,395,430</u>	<u>72,785,954</u>
Contingencies and commitments	16		
Total Equity and Liabilities		<u>115,604,113</u>	<u>142,223,120</u>

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

Chief Executive Officer

[Signature]

SHC

[Signature]

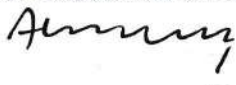
Director

AL-HAQ SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS &
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ----- Rupees -----	2021
Operating revenue	17	14,433,531	12,621,996
(Loss) / gain on sale of short term investments - net		(760,098)	818,097
Fair value (loss) / gain on remeasurement of investments through profit or loss		(965,402)	841,064
Other income	18	5,599,248	3,685,158
		<u>18,307,279</u>	<u>17,966,315</u>
Administrative and operating expenses	19	(15,059,789)	(13,283,847)
Financial charges	20	(1,338,758)	(1,379,840)
Profit before taxation		<u>1,908,732</u>	<u>3,302,628</u>
Taxation			
- current		(541,328)	(266,073)
- prior year		(595,887)	(168,661)
	15	<u>(1,137,215)</u>	<u>(434,734)</u>
Profit after taxation		<u>771,517</u>	<u>2,867,894</u>
Other Comprehensive Income			
Items that will not be reclassified to statement of profit or loss			
Unrealised gain on remeasurement of investment at fair value through other comprehensive income		-	590,783
Total Comprehensive income		<u><u>771,517</u></u>	<u><u>3,458,677</u></u>

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

Chief Executive Officer



SHC



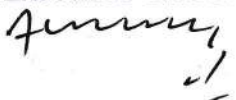
Director

AL-HAQ SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022 ----- Rupees -----	2021 -----
Cash flow from operating activities		
Profit before taxation	1,908,732	3,302,628
Adjustments for non-cash charges and other items:		
Depreciation	65,126	67,435
Provision for doubtful debts	(656,915)	262,611
Dividend income	(1,447,503)	(674,345)
Finance cost	1,204,565	1,287,857
Fair value loss / (gain) on remeasurement of investments through profit or loss	965,402	(841,064)
Profit before working capital changes	2,039,407	3,405,122
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Short term investments	982,357	364,659
Due from clients	14,478,206	(13,863,970)
Advances, prepayments and other receivables	(121,000)	179,350
Exposure deposit	-	(12,000,000)
(Decrease) / increase in current liabilities:		
Trade creditors	(27,413,755)	(36,545,468)
Accrued and other liabilities	2,322,114	236,049
	(9,752,078)	(61,629,380)
Cash used in operations	(7,712,671)	(58,224,258)
Income tax paid	(843,068)	(675,477)
Net cash used in operations	(8,555,739)	(58,899,735)
Cash flow from investing activities		
Fixed capital expenditure	(2,535,247)	(83,771)
Dividend received	1,447,503	674,345
Advanced received against shares from LSE	1,222,350	-
Net cash generated from investing activities	134,606	590,574
Cash flow from financing activities		
Short term finance - net	(3,718,341)	10,323,232
Finance cost paid	(1,282,712)	(875,606)
Net cash (used in) / generated from financing activities	(5,001,053)	9,447,626
Net decrease in cash and cash equivalents	(13,422,186)	(48,861,535)
Cash and cash equivalents - at beginning of the year	49,788,165	98,649,700
Cash and cash equivalents - at end of the year	36,365,979	49,788,165

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

Chief Executive Officer



SHC



Director

AL-HAQ SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Reserves			Total
	Revenue	Capital		
	Share capital	Unappropriated profit	Remeasurement gain on investments at FVTOCI	
----- Rupees -----				
Balance as at July 01, 2020	60,841,000	942,934	4,194,555	65,978,489
Total comprehensive income for the year ended June 30, 2021				
Profit for the year	-	2,867,894	-	2,867,894
Other comprehensive income	-	-	590,783	590,783
	-	2,867,894	590,783	3,458,677
Balance as at June 30, 2021	60,841,000	3,810,828	4,785,338	69,437,166
Total comprehensive income for the year ended June 30, 2022				
Profit for the year	-	771,517	-	771,517
Other comprehensive loss	-	-	-	-
	-	771,517	-	771,517
Balance as at June 30, 2022	60,841,000	4,582,345	4,785,338	70,208,683

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

Chief Executive Officer



SHC



Director

AL-HAQ SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. LEGAL STATUS AND OPERATIONS

Al-Haq Securities (Private) Limited (the Company) was incorporated in Pakistan as a Private Company Limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on May 25, 2006. The Company is a Trading Right Entitlement Certificate holder of the Pakistan Stock Exchange Limited. The Company is principally engaged in shares brokerage & trading business and has obtained license from the Securities and Exchange Commission of Pakistan under the category of "Trading & Self Clearing". The registered office of the Company is situated at Room No.405/407, LSE Building, Lahore.

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 Standards (IFRS Standards) 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 Standards, 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 for investments, which are carried at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest rupees unless otherwise stated.

2.4 CHANGE IN ACCOUNTING STANDARDS AND INTERPRETATIONS

2.4.1 Standards, amendments to approved accounting standards effective in current year

There were certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on July 01, 2021 but does not have any significant impact on the Company's financial reporting and therefore, have not been disclosed in these financial statements.

2.4.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2021 and have not been early adopted by the Company:

(a) IAS 37 Onerous contracts

Effective date:
January 01, 2022

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment

(b) IAS 16 Proceeds before an asset's intended**Effective date:****January 01, 2022**

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, a Company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments.

(c) IAS 1 Disclosure of accounting policies**Effective date:****January 01, 2023**

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Company's financial statements.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

2.5 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs 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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- (i) Estimate of useful lives and residual values of depreciable assets and provision for impairment there against [note 3.1];
- (ii) Classification and valuation of investments [note 3.3];
- (iii) Provision for taxation [note 3.9] and
- (iv) Provisions [note 3.1].

3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Operating fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to income by applying reducing balance method at the rates specified in note 4.1. Depreciation on additions to fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

Normal repairs and replacements are taken to statement of profit or loss. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of fixed assets, if any, is taken to statement of profit or loss.

3.2 Intangible assets

Trading Right Entitlement Certificate

In the absence of active market price, Trading Right Entitlement Certificate has been carried at the same value that was determined when the membership card of Lahore Stock Exchange Limited was swapped under the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 with the shares of Lahore Stock Exchange Limited and Trading Right Entitlement Certificate after changing of impairment, if required (note 5.1).

3.3 Financial assets

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Initial recognition and measurement of financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1).

For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

- **Fair value through other comprehensive income (FVTOCI)**

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value. Reclassification of fair value gains and losses to unappropriated profits shall be made with in statement of changes in equity.

- **Fair value through profit or loss (FVTPL)**

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Derecognition of financial assets

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

3.4 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss.

3.5 Impairment of financial assets

The impairment methodology applied depends on whether there has been a significant increase in credit risk. Further, applying the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL.

3.6 Due from clients and other receivables

These are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the reporting date. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks.

3.8 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.9 Taxation

(a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantially enacted by reporting date and is based on current rates of taxation being applied on the taxable income for the year, after taking into account, tax credits and rebates available, if any. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

Deferred tax is recognised using the statement of financial position liability method on all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.11 Borrowings and borrowing costs

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which these are incurred.

3.12 Revenue recognition

Revenue is recognised 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 consideration received or receivable on the following basis:

- brokerage income is accounted for on 'accrual basis'.
- capital gains and losses on sale of investments are recorded on the date of sale.
- dividend income is accounted for when the right of receipt is established.

3.13 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the statement of profit or loss for the year.

Financial instruments carried on the statement of financial position include deposits, due from clients, advances, investments, bank balances, trade and other payable and accrued mark-up. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.14 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4. OPERATING FIXED ASSETS

	Note	2022 ----- Rupees -----	2021
Operating fixed assets	4.1	384,294	414,173
Advance for acquiring office space at NCEL Building Project		2,500,000	-
		<u>2,884,294</u>	<u>414,173</u>

4.1 OPERATING FIXED ASSETS - tangible

	Furniture and fixtures	Office equipment	Total
	----- Rupees -----		
At July 1, 2020			
Cost	61,100	1,766,068	1,827,168
Accumulated depreciation	54,821	1,374,510	1,429,331
Net book value	<u>6,279</u>	<u>391,558</u>	<u>397,837</u>
Year ended June 30, 2021			
Opening net book value	6,279	391,558	397,837
Additions	20,200	63,571	83,771
Depreciation charge	1,921	65,514	67,435
Closing net book value	<u>24,558</u>	<u>389,615</u>	<u>414,173</u>
At June 30, 2021			
Cost	81,300	1,829,639	1,910,939
Accumulated depreciation	56,742	1,440,024	1,496,766
Net book value	<u>24,558</u>	<u>389,615</u>	<u>414,173</u>
Year ended June 30, 2022			
Opening net book value	24,558	389,615	414,173
Additions	16,548	18,699	35,247
Depreciation charge	5,024	60,102	65,126
Closing net book value	<u>36,082</u>	<u>348,212</u>	<u>384,294</u>
At June 30, 2021			
Cost	97,848	1,848,338	1,946,186
Accumulated depreciation	61,766	1,500,126	1,561,892
Net book value	<u>36,082</u>	<u>348,212</u>	<u>384,294</u>
Annual depreciation rate (%)	<u>15</u>	<u>15</u>	

5. INTANGIBLE ASSETS

	Note	2022 ----- Rupees -----	2021
Trading Right Entitlement Certificate - PSX	5.1	5,000,000	5,000,000
Room at LSE building		4,600,000	4,600,000
		<u>9,600,000</u>	<u>9,600,000</u>

- 5.1** In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Company received Trading Right Entitlement Certificate (TREC) and equity shares of LSE Financial Services Ltd. (formerly Lahore Stock Exchange Ltd.) in lieu of its membership card of Lahore Stock Exchange Ltd. The Company's entitlement in respect of shares of LSE Financial Services Ltd. was determined on the basis of the valuation of assets and liabilities of Lahore Stock Exchange Ltd. as approved by the SECP. The Company has been allotted with 843,975 shares of LSE Financial Services Ltd., having face value of Rs.10 each.

- 5.2 As at June 30, 2013 the active market value of TREC and equity shares of LSE Financial Services Ltd. was not available. The allocation of the carrying amount of membership card to the composite assets i.e. TREC and equity shares was made on proportionate basis at ratio of 32:68 which was determined on the basis of fair value estimate of LSE Financial Services Ltd.

6. LONG TERM INVESTMENT - at fair value through other comprehensive income	2022	2021
	----- Rupees -----	
LSE Financial Services Ltd.		
843,975 ordinary shares of Rs.10 each	-	14,887,719
Adjustment on remeasurement to fair value	-	4,785,338
	<u>-</u>	<u>19,673,057</u>

7. SECURITY DEPOSITS

Deposits with:

National Clearing Company of Pakistan	1,400,000	1,400,000
Pakistan Mercantile Exchange Ltd.	750,000	750,000
	<u>2,150,000</u>	<u>2,150,000</u>

8. SHORT TERM INVESTMENTS - at FVTOCI

No. of shares		Name of the Company	Market value	
June 30, 2022	June 30, 2021		June 30, 2022	June 30, 2021
----- Rupees -----				
8,166	8,166	Askari Bank Ltd.	142,333	185,613
3,268	440	Aisha Steel Mills Ltd.	36,111	10,960
2,202	2,202	Aisha Steel Mills Ltd. Preference	29,220	77,290
318	318	Attock Refinery Ltd.	55,898	81,551
500	500	Al-Azhar Textile Mills Ltd. - Freeze	-	-
5,100	5,100	Byco Petroleum Pakistan Ltd.	27,234	59,211
2,350	2,350	Capital Assets Leasing Corporation Ltd.	31,537	47,494
234	234	First Capital Mutual Fund	2,340	2,340
5,000	5,000	Dewan Cement Ltd.	27,000	56,300
-	50,000	Dewan Farooq Motor Ltd.	-	525,000
4,013	4,013	Dewan Salman Fibre Ltd.	-	-
1,100	1,100	First Tri-Star Modaraba	8,800	13,145
10,000	-	Flying Cement Company Ltd.	71,800	-
1,330	1,330	Genertech Pakistan Ltd. - Freeze	-	-
-	50,000	Ghani Automobile Industries Limited	-	453,500
1,393	1,267	Highnoon Laboratories Pakistan Ltd.	738,109	760,200
342	342	IGI Holding Ltd.(prev IGI Insurance Ltd.)	37,877	66,198
45,316	132,362	Carry forward	1,208,259	2,338,802

No. of shares		Name of the Company	Market value	
June 30, 2022	June 30, 2021		June 30, 2022	June 30, 2021
			----- Rupees -----	
45,316	132,362	Brought forward	1,208,259	2,338,802
13	13	Innovative Investment Bank Ltd. - Freeze	-	-
1,500	1,500	Jahangir Siddiqui & Company Ltd.	19,830	33,840
211	211	JS Large Cap. Fund	22,256	22,256
2,936	2,936	Maple Leaf Cement Factory Ltd.	80,300	137,933
385	308	National Foods Ltd.	55,740	70,538
20,000	20,000	Noorie Textile Mill Ltd. - revoked	-	-
2,511	2,511	Pak Elektron Ltd.	39,900	88,036
665	605	Pak Datacom Ltd.	29,659	42,314
243	243	Pakistan Engineering Company Ltd.	70,725	85,779
2,360	2,360	HBL Investment Fund Class A	4,720	7,316
2,360	2,360	HBL Investment Fund Class B	-	23,600
2,000	2,000	Pakistan Telecommunication Company Ltd.	13,920	23,680
2,871	2,871	Pakistan Petroleum Ltd.	193,821	249,289
110	110	MCB Pakistan Stock Market Fund	1,100	1,100
603	464	The Searle Company Ltd.	65,739	112,576
5,500	5,500	Southern Electric Power Company Ltd. - Freeze	-	-
2,040	2,500	Shifa International Hospital Ltd.	365,446	547,875
1,000	1,000	Shahpur Textile Mills Ltd. - Freeze	180	180
10,198	10,198	Silk Bank Ltd.	12,034	20,498
2,246	2,246	Soneri Bank Ltd.	21,225	22,010
643	643	Sui Northern Gas Pipelines Ltd.	21,997	31,237
500	500	Sargodha Spinning Mills Ltd.	20,165	20,165
2,636	2,636	Image Pakistan Ltd.	36,298	70,513
5,500	5,500	Tri-Star Power Ltd.	19,250	37,785
100,000	100,000	World Call Telecom Ltd.	133,000	396,000
1,900	1,900	Zeal Pak Cement Factory Ltd. - Freeze	-	-
216,247	303,477		2,435,564	4,383,323

8.1 As at June 30, 2022, shares having value of Rs.1.914 million (2021: Rs.2.203 million) are pledged with National Clearing Company of Pakistan as margin against trading.

9. DUE FROM CLIENTS - Unsecured

	Note	2022	2021
		----- Rupees -----	
Considered good	9.1	12,197,767	26,675,973
Less: provision for impairment		(2,498,965)	(3,155,880)
		9,698,802	23,520,093

9.1 These mainly include Rs.4.453 million (2021:Rs.19.650 million) receivable from NCCPL.

9.2 Further, these include an amount of Rs.399.029 thousand (2021: Rs. Nil) receivable from Mr. Ammar Ul Haq (Director), against his normal trading activity.

10. ADVANCES AND OTHER RECEIVABLES

	2022	2021
	----- Rupees -----	
Advances to staff	<u>596,850</u>	<u>475,850</u>

11. CASH AND BANK BALANCES

Cash in hand	56,425	49,127
Cash at banks:		
- client accounts	36,288,233	49,681,997
- house accounts	21,321	57,041
	<u>36,365,979</u>	<u>49,788,165</u>

12. ASSETS HELD FOR SALE

LSE Financial Services Ltd.(LSE)		
843,975 ordinary shares of Rs.10 each	14,887,719	-
Adjustment on remeasurement to fair value	4,785,338	-
	<u>19,673,057</u>	<u>-</u>

- 12.1** The Company's investments in LSE Financial Services Ltd has been classified as held for sale investments' based on the decision of the Board of Directors in their meeting. The Company has entered into sale agreement with M/s Modaraba Al Mali for sale of these shares against an agreed consideration amounted Rs.12.224 million. As at reporting date the company has received an advance amounted Rs.1.222 million.

13. TRADE AND OTHER PAYABLES

	Note	2022	2021
		----- Rupees -----	
Trade creditors	13.1	33,825,096	61,238,851
Accrued expenses		353,945	531,831
Payable to a director	13.2	2,500,000	-
Advance received against sale of LSE shares	12.1	1,222,350	-
		<u>37,901,391</u>	<u>61,770,682</u>

- 13.1** These include an amount of Rs. Nil (2021: Rs.37.399 thousand) payable to Mr. Ammar UI Haq (Director), against his normal trading activity.

- 13.2** The amount represents payable of Rs.2.500 million to Mr.Ammar UI Haq (Director), against the advance payment made on the Company's behalf for acquiring office space at NECL Building.

14. SHORT TERM FINANCE

	2022	2021
	----- Rupees -----	
Running finance - secured	<u>6,604,891</u>	<u>10,323,232</u>

- 14.1** Short term running finance facility available from various commercial banks under mark-up arrangements aggregate Rs.70 million (2021: Rs 70 million). This finance facility, during the current financial year, carried mark-up at the rates ranging from 7% to 15.89% (2021: 7% to 11.59%) per annum. This facility is secured against personal guarantee of all Directors, hypothecation charge over current assets of the Company, mortgage of property owned by Ammar ul Haq and Asnan ul Haq (Directors) and lien over personal bank account of Ammar ul Haq (Director) amounting to Rs.34 million and 100% cash margin in shape of lien over deposit.

15. TAXATION - net

	2022 ----- Rupees -----	2021
Opening balance	266,073	123,696
Add: provision made during the year for:		
- current	541,328	266,073
- prior year	595,887	168,661
	1,137,215	434,734
Less: adjusted against completed assessment	(861,960)	(292,357)
Closing balance	<u>541,328</u>	<u>266,073</u>

15.1 Provision for current year includes mainly tax on dividend income and commission income under section 150 and 233 respectively of the Income Tax Ordinance, 2001.

15.2 Income tax assessments of the Company have been finalised by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 upto the year ended June 30, 2021.

16. CONTINGENCIES AND COMMITMENTS

16.1 Guarantee amounting Rs.5.000 million (2021: Rs.5.000 million) have been issued by bank of the Company to National Clearing Company of Pakistan Limited.

16.2 Guarantee amounting Rs.6.5000 million have been issued by bank of the Company to Pakistan Stock Exchange Limited.

17. OPERATING REVENUE

	2022 ----- Rupees -----	2021
Brokerage income:		
- retail customers	12,778,965	11,610,735
- proprietary trade	207,063	336,916
	12,986,028	11,947,651
Dividend income	1,447,503	674,345
	<u>14,433,531</u>	<u>12,621,996</u>

18. OTHER INCOME

Profit on deposit account	4,072,475	3,685,158
NCCPL RMS interest	869,858	-
Provision for doubtful debts	656,915	-
	<u>5,599,248</u>	<u>3,685,158</u>

19. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2022 ----- Rupees -----	2021
Salaries and benefits		4,237,999	3,536,212
Director's remuneration		3,120,000	2,400,000
Fees and subscription		389,009	226,075
Travelling and conveyance		1,233,860	685,279
Auditors' remuneration			
- statutory audit fee		90,750	90,750
- other certification charges		78,300	85,000
		169,050	175,750
Printing and stationery		145,664	105,485
Repair and maintenance		438,702	121,510
Entertainment		1,168,901	947,602
Postage and communication		501,827	580,071
Electricity		556,414	475,704
News paper & periodicals		10,454	10,320
LSE charges		1,544,730	1,713,068
CDC & clearing house charges		439,707	730,287
Depreciation	4	65,126	67,435
Legal & professional charges		182,013	153,913
Donations - without director's interest		23,500	44,000
Provision for impairment in trade debts		-	262,611
Others		832,833	1,048,525
		<u>15,059,789</u>	<u>13,283,847</u>

20. FINANCIAL CHARGES

Mark-up on short term finance	1,204,565	1,287,857
Bank charges	134,195	91,983
	<u>1,338,758</u>	<u>1,379,840</u>

21. TRANSACTIONS WITH RELATED PARTIES

The only transactions executed with the related parties are normal trading activity carried out by directors of the Company. Payable and receivable balances from one of the Company's director against his trading activity and other have been disclosed in notes 9 & 13 to these financial statements.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**22.1 Financial Risk Factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(b) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company activities at present does not expose to any currency risk.

(c) 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 change in market interest rates. The Company activities at present only expose it to interest rate risk against short term borrowing.

(d) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result 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 instruments or its issuer or factors affecting all similar financial instruments traded in the market.

The Company's investment in shares of a quoted Company expose it to price risk due to change in the prices of shares of quoted company.

A change of 10% in the price of shares of quoted Companies at reporting date would have decreased loss before tax for the year by Rs.2.436 million (2021: 4.383 million).

22.2 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from due from clients, advances, investments and balances with banks. To manage exposure to credit risk in respect of due to clients, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2022 along with comparative is tabulated below:

	2022	2021
	----- Rupees -----	
Long term investment	-	19,673,057
Security deposits	2,150,000	2,150,000
Due from clients	9,698,802	23,520,093
Short term investments	2,435,564	4,383,323
Advances and other receivables	596,850	475,850
Exposure deposits	24,400,000	24,400,000
Cash and bank balances	36,365,979	49,739,038
	<u>75,647,195</u>	<u>124,341,361</u>

22.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

Particulars	Carrying amount	Contractual cash flows	Less than 1 year
	-----	----- Rupees -----	-----
June 30, 2022			
Trade and other payables	33,825,096	33,825,096	33,825,096
Accrued and other liabilities	353,945	353,945	353,945
Short term finance and mark-up	6,952,711	6,952,711	6,952,711
	<u>41,131,752</u>	<u>41,131,752</u>	<u>41,131,752</u>
June 30, 2021			
Trade and other payables	61,238,851	61,238,851	61,238,851
Accrued and other liabilities	531,831	531,831	531,831
Short term finance and mark-up	10,749,199	10,749,199	10,749,199
	<u>72,519,881</u>	<u>72,519,881</u>	<u>72,519,881</u>

22.4 Fair value hierarchy

The table below analyzes financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The following table presents the Company's assets that are measured at fair value as at the year end:

	Level 1	Level 3
	----- Rupees -----	
June 30, 2022		
Long term investment	-	-
Short term investments	<u>2,435,564</u>	<u>-</u>
June 30, 2021		
Long term investment	-	19,673,057
Short term investments	<u>4,383,323</u>	<u>-</u>

22.5 Fair value measurement of financial instruments

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

At June 30, 2022, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

23. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to any major externally imposed capital requirements.

24. FINANCIAL INSTRUMENT BY CATEGORY

	2022				2021			
	Amortised cost	At fair value through OCI	At fair value through PL	Total	Amortised cost	At fair value through OCI	At fair value through PL	Total
	----- Rupees -----				----- Rupees -----			
Financial assets as per statement of financial position								
Long term investment	-	-	-	-	-	19,673,057	-	19,673,057
Security deposits	2,150,000	-	-	2,150,000	2,150,000	-	-	2,150,000
Short term investments	-	-	2,435,564	2,435,564	-	-	4,383,323	4,383,323
Due from clients	12,197,767	-	-	12,197,767	26,675,973	-	-	26,675,973
Advances and other receivables	596,850	-	-	596,850	475,850	-	-	475,850
Exposure deposit	24,400,000	-	-	24,400,000	24,400,000	-	-	24,400,000
Cash and bank balances	36,365,979	-	-	36,365,979	49,788,165	-	-	49,788,165
	75,710,596	-	2,435,564	78,146,160	103,489,988	19,673,057	4,383,323	127,546,368

Financial liabilities as per statement of financial position	Financial liabilities measured at amortised cost	
	2022	2021
	--- Rupees ---	
Trade and other payables	37,901,391	61,770,682
Short term finance and Accrued mark-up	6,952,711	10,749,199
	<u>44,854,102</u>	<u>72,519,881</u>

25. REMUNERATION OF CHIEF EXECUTIVE AND A DIRECTOR

Particulars	Chief Executive		Directors	
	2022	2021	2022	2021
	----- Rupees -----			
Managerial remuneration	<u>1,560,000</u>	<u>1,200,000</u>	<u>1,560,000</u>	<u>1,200,000</u>
No. of persons	1	1	1	1

26. NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2022 were 17 (2021: 18) and their average numbers during the year were 17 (2021: 17).

27. PATTERN OF SHAREHOLDING

As at June 30, 2022 following persons held more than 5% of the issued, subscribed and paid-up capital of the Company.

- Mr. Asnan Ul Haq (Chief Executive)
- Mr. Ammar Ul Haq (Director)

28. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on **06 OCT 2022** by the board of directors of the Company.

29. GENERAL

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison; however, no material re-arrangements have been made in these financial statements.

Chief Executive Officer

Ammar

SHC

Asnan Ul Haq

Director