



REANDA

Reanda Haroon Zakaria & Company
Chartered Accountants



**B & B SECURITIES
(PRIVATE) LIMITED**

**Financial Statement
For the year ended June 30, 2021**

**B & B SECURITIES
(PRIVATE) LIMITED**

**Financial Statement
For the year ended June 30, 2021**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF B & B SECURITIES (PRIVATE) LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the annexed financial statements of **B & B Securities (Private) Limited** which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, statement of 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, statement of profit or loss, statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 9.1 to the annexed financial statements relating to deferred tax asset. Management believes that the asset will be utilized in coming years, relating to provision for trade debts. However, uncertainty is attached with the realization of recognized deferred tax asset.

Our opinion is not qualified in respect of these matter.

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

Management is responsible for the other information. The Other Information comprises the information included in the Company's Annual Report does not include the financial statements and our auditor's report thereon.

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

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

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 to design audit procedures that are appropriate in the circumstances, but not for 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 and statement of 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 Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, section 62 of the Futures Market Act 2016 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 as at the date on which the statement of financial position was prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Farhan Ahmed Memon**.



Farhan Haroon Zakaria
Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: **04 OCT 2021**

B & B SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	4	496,284	545,993
Intangible assets	5	2,500,000	2,500,000
Long term investment	6	24,121,438	10,703,821
Long term deposits	7	500,000	500,000
Long term advances	8	1,307,198	978,287
Deferred tax asset	9	12,069,620	15,052,226
		40,994,540	30,280,327
Current Assets			
Short term investments	10	79,331,570	49,007,587
Trade debts	11	32,446,814	34,500,043
Trade deposits, prepayments and other receivable	12	13,793,772	671,988
Tax refund due from government	13	1,592,987	1,847,390
Cash and bank balances	14	5,398,111	1,708,083
		132,563,254	87,735,091
Total Assets		173,557,794	118,015,419
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Authorized Share Capital			
17,000,000 (2020 : 17,000,000) Ordinary shares of Rs.10 each		170,000,000	170,000,000
Issued, subscribed and paid-up capital			
17,000,000 (2020 : 17,000,000) Ordinary shares of Rs.10 each		170,000,000	170,000,000
Capital reserve		21,916,263	8,498,645
Accumulated losses		(85,724,765)	(123,738,970)
		106,191,498	54,759,676
Long Term Liabilities			
Long term loan	15	10,016,728	9,189,658
Current Liabilities			
Short term borrowings	16	51,167,473	50,571,216
Trade and other payables	17	5,399,828	2,900,648
Accrued markup		782,267	594,222
		57,349,568	54,066,086
Contingencies and Commitments			
Total Equities and Liabilities	18	173,557,794	118,015,419

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



Chief Executive



Director

B & B SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Revenue			
Brokerage income	19	16,624,978	6,381,918
Dividend income		1,090,372	441,602
Capital gain / (loss) on sale of securities - Net		21,598,525	(714,308)
Unrealized gain / (loss) on re-measurement of investment		13,685,287	(3,520,161)
Unwinding of advances	22	<u>761,573</u>	<u>1,099,552</u>
		53,760,735	3,688,602
Expenses			
Administrative and operating expenses	20	<u>14,211,299</u>	<u>15,404,806</u>
Financial charges	21	<u>6,290,553</u>	<u>7,167,480</u>
		20,501,852	22,572,285
Other operating income	22	<u>8,247,596</u>	<u>4,492,181</u>
Profit / (loss) before tax		<u>41,506,479</u>	<u>(14,391,502)</u>
Taxation			
Current		<u>451,290</u>	<u>198,112</u>
Prior		<u>58,378</u>	<u>-</u>
Deferred		<u>2,982,606</u>	<u>1,280,399</u>
		3,492,274	1,478,511
Profit / (loss) after tax		<u><u>38,014,205</u></u>	<u><u>(15,870,013)</u></u>

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



Chief Executive



Director



B & B SECURITIES (PRIVATE) LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	<i>2021</i> <i>Rupees</i>	<i>2020</i> <i>Rupees</i>
Profit / (loss) after tax	38,014,205	(15,870,013)
Other comprehensive income		
Adjustment on revaluation of investment	13,417,618	(3,351,700)
Total comprehensive income / (loss) for the year	<u><u>51,431,822</u></u>	<u><u>(19,221,713)</u></u>

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



Chief Executive



Director

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B & B SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

		<u>Capital Reserve</u>			
	<i>Issued subscribed and paid up capital</i>	<i>Surplus on revaluation of investments</i>	<i>Subtotal</i>	<i>Accumulated losses</i>	<i>Total</i>
	<hr style="border-top: 1px dashed black;"/> <i>Rupees</i> <hr/>				
Balance as at June 30, 2019	170,000,000	11,850,345	11,850,345	(107,349,203)	74,501,143
Total comprehensive loss for the year					
Loss for the year	-	-	-	(15,870,013)	(15,870,013)
Other comprehensive loss	-	(3,351,700)	(3,351,700)	-	(3,351,700)
	-	(3,351,700)	(3,351,700)	(15,870,013)	(19,221,713)
Transaction with owners					
Amortization of loan	-	-	-	(519,755)	(519,755)
Balance as at June 30, 2020	170,000,000	8,498,645	8,498,645	(123,738,970)	54,759,675
Total comprehensive income for the year					
Profit for the year	-	-	-	38,014,205	38,014,205
Other comprehensive income	-	13,417,618	13,417,618	-	13,417,618
	-	13,417,618	13,417,618	38,014,205	51,431,822
Balance as at June 30, 2021	170,000,000	21,916,263	21,916,263	(85,724,765)	106,191,497

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



Chief Executive



Director



B & B SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	41,506,479	(14,391,502)
Adjustments for non cash items:		
Depreciation	85,809	93,985
Financial charges	6,290,553	6,405,907
Unamortization of long term advances	-	761,573
Unrealized loss on re-measurement of investment	(13,685,287)	3,520,161
Capital gain on disposal of investment	-	714,308
Unwinding of advances	(761,573)	(1,099,550)
	(8,070,498)	10,396,384
Operating (loss) / gain before working capital changes	33,435,981	(3,995,117)
(Increase) / Decrease in Current Assets		
Trade debts	2,053,229	12,403,537
Trade deposits, prepayments and other receivables	(13,121,784)	(555,786)
(Decrease) / Increase in current liabilities		
Trade and other payables	2,499,180	215,571
	(8,569,375)	12,063,322
Taxes paid	(160,743)	(407,464)
Finance charges paid	(4,842,776)	(6,714,298)
	(5,003,519)	(7,121,762)
Net cash generated from operating activities	19,863,087	946,443
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(36,100)	(85,770)
Long term Deposits	-	100,000
Long term advances-net	425,000	402,500
Purchase of investments - net	(16,638,461)	(12,936,047)
Net cash used in investing activities	(16,249,561)	(12,519,317)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan from directors-net	(519,755)	-
Short term borrowing	596,257	9,258,340
Net cash generated from financing activities	76,502	9,258,340
Net (decrease) / increase in cash and cash equivalents (A+B+C)	3,690,028	(2,314,534)
Cash and cash equivalents at the beginning of the year	1,708,083	4,022,617
Cash and cash equivalents at the end of the year	5,398,111	1,708,083

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


Chief Executive


Director



B & B SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2021

1 NATURE AND STATUS OF BUSINESS

B & B Securities (Private) Limited was incorporated in Pakistan as a private company under the repealed Company Ordinance, 1984, on July 18, 2003, the company is a corporate member of Pakistan Stock Exchange. The company has commenced commercial activities from March 8, 2004 and is primarily engaged in trading and brokerage of listed equities. The registered office of the company is situated at 434, 4th Floor, Stock Exchange Building, Stock Exchange Road, Karachi, Pakistan.

2 BASIS OF PRESENTATION

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 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.

Where provisions 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.

Preparation of financial statements also include disclosure required by Securities Brokers (Licensing and Operations) Regulations, 2016.

These financial statements have been prepared under Historical cost convention without any adjustments for the effects of inflation or current values except investments, which are stated as per the policy.

These financial statements have been prepared following accrual basis of accountings except for cash flows information.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements is in conformity with the approved financial reporting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affects the application of policies and the reported amounts of assets, liabilities, income and expenses.

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

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

2.5 New standards, amendments to standards and IFRS interpretations that are effective for the June ended June 30, 2020

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July, 2021:

2.5.1 Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) - Effective for periods beginning on or after 1 January 2022

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

2.5.2 Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16) - Effective for periods beginning on or after July 2021

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

2.5.3 Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) - Effective for periods beginning on or after 01 July 2021

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

2.5.4 Annual Improvements to IFRS Standards 2018–2020- the improvements address amendments to following approved accounting standards:

- IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are effective from annual periods beginning on or after 1 July 2021 and are not likely to have an impact on the Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the significant accounting policies consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

3.1 Property plant and equipment

These are stated at cost less accumulated depreciation except assets not in operation, which are stated at cost.

Depreciation is charged using reducing balance method by applying rates specified in the relevant note.

Full year depreciation is charged on the addition during the year whereas on assets deleted, no depreciation is charged in the year of disposal.

The assets' residual value and useful lives are reviewed, and adjusted if significant, at each balance sheet date.

Maintained and normal repairs are charged to Profit & Loss Account as and when incurred while cost of major replacements and improvements, if any, are capitalized.

3.2 Impairments

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairments. If such indication exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account. the recoverable amount is higher of the assets fair value less cost to sell and value in use.

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization except assets that are not available for its indefinite use, which are stated at cost. Amortization is charged using straight line method at the rates given in relevant notes to write-off the historical cost of assets over their estimated useful life. In the year of addition full year's amortization is charged.

3.3.1 Trading right entitlement certificate and Room

Initially it is stated at notional value by apportioning the value of previous Membership Card among TREC and PSX shares on the basis of proportion of designated values for margin purpose. Subsequent to initial recognition, TREC is valued at value taken for base minimum capital.

3.4 Financial assets

Initial Measurement

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

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

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

Subsequent Measurement

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

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

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

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

3.5 Investments

- Investment in Shares of Pakistan Stock Exchange (PSX) are classified as "**At Fair Value - through Other Comprehensive Income**" and is initially measured at cost and is subsequently measured at fair value determined using the market value at each reporting date. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss
- Investment in Listed Shares other than shares of PSX are classified as "**At Fair Value - Through Profit or Loss**" and is initially measured at cost and is subsequently measured at fair value determined using the market value at each reporting date. Net gains and losses, including any interest / markup or dividend income, are recognized in statement profit or loss.

3.6 Settlement date accounting

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the settlement date. Trade date is the date on which the Company commits to purchase or sale an asset.

3.7 Trade debts and other receivables

Trade debts and other receivable are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the company will not be able to collect all amount due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off. The receivable in respect of securities sold on behalf of clients are recorded at settlement date of transaction.

3.8 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the company and accordingly are not included in these financial statements.

3.9 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalent consists of cash in hand and balances with banks.

3.10 Cash and bank balances

Cash and bank balances are carried at nominal amount.

3.11 Impairment of financial assets

The Company recognizes loss allowances for ECLs in respect of financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

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

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

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

3.12 De-recognition

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

3.13 Financial liabilities

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

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

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

3.14 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously

3.15 Borrowing / debt

Borrowings / debt is recognized initially at fair value, net of transaction costs incurred. These are subsequently measured at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of borrowings / debt under the effective interest method. Markup / profit on borrowings / debt is calculated using the effective interest method and is recognized in the statement of profit or loss.

3.16 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

3.17 Trade and Other payables

Trade and other payable are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized cost using an effective interest method. Trade payable in respect of securities purchased are recorded at settlement date of transaction.

These are classified as current liabilities if payment is due within one year or less (or in normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

3.18 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it related to items recognized in other comprehensive income or directly in equity. In this case tax is also recognized in other comprehensive income or directly in equity, respectively.

3.19 Current

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

3.19.1 Deferred

Deferred tax is recognized using balance sheet method, providing for all temporary differences between carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

3.20 Provisions

Provisions are recognized when the company has present legal or constructive obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation, and reliable estimates of the amount can be made of the amount of obligation. Provisions are reviewed at the each reporting date and adjusted to reflect current best estimate.

3.21 Revenue recognition

- Brokerage income is recognized as and when services are provided.
- Dividend income is recognized at the time of closure of share transfer books of the company declaring dividend. Commission income is recognized on receipt basis.
- Gains / (losses) arising on sale of investment are included in the statement of profit or loss for the period which they arise.
- Unrealized capital gains / (losses) arising from mark to market of investments classified as "financial assets at fair value through profit or loss - held for trading" are included in the statement of profit or loss for the period in which they arise.
- Other income is recognized on receipt basis.

3.22 Transactions with related parties

Transactions with related parties are carried out at arm's length prices.

3.23 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards require the management to:-

- Exercise its judgment in process of applying the Company's accounting policies, and
- Use of certain critical accounting estimates and assumptions concerning the future.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

a) Income taxes

The Company takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes.

b) Property, plant and equipment

Management has made estimate of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any changes in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

c) Provision for doubtful debts

An estimated provision is made against those trade debts having no activity during the current financial year and is considered doubtful by the management where as debts considered bad and irrecoverable are written off when identified.

4 PROPERTY AND EQUIPMENT

Particulars	COST			Rate	Depreciation			Written down value as at June 30, 2021
	As at July 01, 2020	Additions/ Deletions	As at June 30, 2021		As at July 01, 2020	For the year	As at June 30, 2021	
	----- Rupees -----				----- Rupees -----			
Furniture and fixtures	268,015	-	268,015	10%	219,756	4,826	224,582	43,433
Office equipment	674,458	-	674,458	10%	416,624	25,783	442,407	232,051
Computer equipment	994,045	36,100	1,030,145	20%	823,417	41,346	864,763	165,382
Vehicles	1,575,072	-	1,575,072	20%	1,505,800	13,854	1,519,654	55,418
Rupees - 2021	3,511,590	36,100	3,547,690		2,965,597	85,809	3,051,406	496,284

	COST			Rate	Depreciation			Written down value as at June 30, 2020
	As at July 01, 2019	Additions/ Deletions	As at June 30, 2020		As at July 01, 2019	For the year	As at June 30, 2020	
	----- Rupees -----				----- Rupees -----			
Furniture and fixtures	268,015	-	268,015	10%	214,394	5,362	219,756	48,259
Office equipment	636,238	38,220	674,458	10%	387,976	28,648	416,624	257,834
Computer equipment	946,495	47,550	994,045	20%	780,761	42,657	823,417	170,628
Vehicles	1,575,072	-	1,575,072	20%	1,488,482	17,318	1,505,800	69,272
Rupees - 2020	3,425,820	85,770	3,511,590		2,871,612	93,985	2,965,597	545,993

	Note	2021 Rupees	2020 Rupees
5 INTANGIBLE ASSETS			
Trading Rights Entitlement Certificate		<u>2,500,000</u>	<u>2,500,000</u>

6 LONG TERM INVESTMENT

- at fair value through other comprehensive income

2021 Number of Shares	2020 Number of Shares		
1,081,194	1,081,194	Investment in shares of Pakistan Stock Exchange Limited	10,703,821
-	-	Unrealized gain / (loss) on remeasurement	(3,351,700)
<u>1,081,194</u>	<u>1,081,194</u>		<u>10,703,821</u>

6.1 This represents shares of Pakistan Stock Exchange Limited (PSX) acquired in pursuance of corporatization and demutualization of PSX as a public company limited by shares. As per the arrangements the authorized and paid-up capital of PSX is Rs.10,000,000,000 and Rs.8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of PSX is equally distributed among 200 members of PSX by issuance of 4,007,383 shares to each member the breakup of which is as follows:

	Note	2021 Rupees	2020 Rupees
6.2 Shares in hand			
Long term investment -at fair value through other comprehensive income	6.3	<u>1,081,194</u>	<u>1,081,194</u>
		<u>1,081,194</u>	<u>1,081,194</u>

6.3 Currently these are not available for trading and are classified as long term investment - at Fair Value through - other comprehensive income

	2021 Rupees	2020 Rupees
7 LONG TERM DEPOSITS		
National Clearing Company of Pakistan Limited	400,000	400,000
Central Depository Company of Pakistan	<u>100,000</u>	<u>100,000</u>
	<u>500,000</u>	<u>500,000</u>

8 LONG TERM ADVANCES

To employees - considered good	978,287	1,042,808
Add: unwinding of advances	<u>761,573</u>	<u>1,099,552</u>
	1,739,860	2,142,360
Add: advancement during the year	-	425,000
Less: Payment received during the year	-	(827,500)
	<u>1,739,860</u>	<u>1,739,860</u>
Less: amortization of advances	<u>(432,662)</u>	<u>(761,573)</u>
	<u>1,307,198</u>	<u>978,287</u>

9 DEFERRED TAX ASSET / (LIABILITY)

2021
Rupees

2020
Rupees

Deferred taxation comprises differences relating to:

Credit balance arises due to:

Accelerated tax depreciation

(132,172) (37,722)

Debit balance arises due to:

Provision for doubtful debt

15,589,655 14,994,219

Short term investment

(3,387,863) -

Minimum tax

- 95,729

Tax losses

287,734 3,308,364

12,357,354 18,398,312

Deferred tax not recognized

(287,734) (3,308,364)

12,069,620 15,052,226

9.1 Deferred tax asset recognised aggregating to Rs. 12.07 million (2020 : Rs. 15.05) million. Deferred tax has recognised as there is no lapse of provision until it is either written off or reversed.

10 SHORT TERM INVESTMENTS

Note

2021
Rupees

2020
Rupees

Investment at fair value through profit or loss

Listed equity securities

65,646,283 52,527,749

Unrealised gain / (loss) on re - measurement of investment

13,685,287 (3,520,162)

10.1 79,331,570 49,007,587

10.1 Investments in companies - quoted

2021 Number of shares	2020		2021 Rupees	2020 Rupees
23,500	-	Agha Steel Industries Limited	792,655	-
343,500	-	Agritech Limited	2,342,670	-
100	-	AGP Limited	11,733	-
100	100	Arif Habib Ltd.	8,112	3,253
100	100	Akzo Nobel Pak.XD	-	27,000
14,000	-	Al-Shaheer Corp	279,020	-
6,000	2,000	Aisha Steel Mill	149,460	18,420
1,613	-	Aisha Steel Mills Ltd - Preference Shares	-	-
1,000	3,900	Attock Refinery	256,450	348,348
-	300	Attock Petroleum	-	91,560
-	20,000	Amreli Steels	-	652,800
-	1,000	Avanceon Ltd	-	35,360
172,500	373,000	Bal.Glass	2,739,300	2,420,770
73,000	115,000	Byco Petroleum	847,530	692,300
-	-	Bank Of Khyber	-	-
-	25,000	B.O.Punjab	-	210,000
3,000	3,000	Chashma Sugar	-	213,000
5,000	-	Cherat Cement	886,900	-
237,500	296,000	Dewan Cement	2,674,250	2,302,880
520,000	520,000	Dewan Salman Fibre Limited - Freeze	-	-
9,000	9,000	Dawood Equities	134,460	28,800
2,500	2,000	D.G.K.Cement	294,800	170,660
-	500	D.M.Industries	-	10,070
1,412,413	1,370,900		11,417,340	7,225,221

C/f

2021 Number of shares	2020		2021 Rupees	2020 Rupees
1,412,413	1,370,900	B/f	11,417,340	7,225,221
500	-	D.M. Textile Mills Limited	-	-
12,320	-	Descon Oxychem	330,669	-
200,000	40,000	Dost Steels Ltd	996,000	122,000
34,000	1,500	Engro Fert.	2,389,180	90,420
100	100	EFG Hermes Pak	2,675	1,451
30,000	12,000	Engro Polymer	1,417,200	299,760
-	7,000	Ferozsons (Lab)	-	2,103,010
18,500	27,000	Fauji Cement	425,500	455,760
49,500	-	Frieslandcampina	5,696,460	-
232	232	Ist.Capital Sec	654	241
5,000	5,000	Fecto Cement	166,000	104,100
22,500	30,000	Fauji Fert Bin	594,225	478,800
500	500	Fauji Fert.	53,050	54,995
25,500	186,000	Fauji Foods Ltd	460,530	1,757,700
80,550	550	Flying Cement	1,714,104	4,978
15,000	-	F. Nat.Equities	136,050	-
40,000	-	Haji Mohammad Ismail Mills Ltd-Freeze	-	-
3	-	Innovative Investment Bank Ltd - Freeze	-	-
800	800	Gadoon Textile	206,768	127,608
11,000	21,000	Ghani Automobile	99,770	128,310
2,000	-	Gul Ahmed	101,460	-
144,500	-	GhaniGlobalGlass	3,910,170	-
2,300	1,300	Ghandhara Ind.	641,746	157,300
1,000	3,500	General Tyre	87,830	208,250
-	200	GlaxoSmithKline	-	34,816
82,772	61,772	Hascol Petrol	739,154	840,099
995	19,434	Habib BankXD	121,758	1,882,572
1,500	1,000	Honda Atlas Cars	518,670	193,680
15,000	-	HLB Growth Fund	-	-
-	40,000	Haji Muhammad Ismail Mills Ltd- Freeze	-	-
6,500	72,000	HI-Tech Lub.	460,915	2,180,160
500	500	Hub Power Co.	39,835	36,250
50,000	-	Hum Network	401,000	-
10,000	-	Ittehad Chem.	380,500	-
32,500	-	Image Pakistan Limited	869,375	-
1,700	-	International Industries Limited	358,734	-
-	3	Innovative Investment Bank Ltd- Freeze	-	-
71,200	1,200	JS Bank Ltd	406,552	6,420
30,930	30,430	Jah.Sidd. Co.	697,781	359,074
70	70	JS Global Cap.	8,262	4,200
1,200	1,200	Js Investments Limited	-	27,600
30,000	-	Kot Addu PowerXD	1,330,500	-
346,000	186,000	K-Electric Ltd.	1,446,280	559,860
13,037	30,300	Loads Limited	281,730	421,170
14,000	-	Lotte Chemical	216,160	-
1	1	Mari Petroleum	1,524	1,237
128	128	MCB Bank Ltd	20,458	20,745
11,000	-	Merit Packaging	194,260	-
249	249	MCB Pakistan Stock Market Fund	-	-
23,325	325	Matco Foods Ltd	957,491	6,195
2,850,825	2,152,194	C/f	40,298,321	19,893,981

2021	2020		2021	2020
Number of shares			Rupees	Rupees
2,850,825	2,152,194	B/f	40,298,321	19,893,981
10,035	50,000	Maple Leaf	471,444	1,299,000
50	50	Metropolitan Steel	1,075	499
17,850	-	National Foods	4,088,007	-
10,000	-	Nishat (Chun.)	502,900	-
13,500	2,000	Netsol Tech.	2,294,730	99,420
227	227	NIMIR Industrial chemical Limited	-	16,793
-	38,300	National Refinery	-	4,108,824
-	3,500	Lucky Cement	-	1,615,530
1,543	17,620	Oil & Gas Dev.	146,631	1,920,580
214,000	419,000	Pace (Pak) Ltd.	1,545,080	884,090
-	1,400	Packages Ltd.	-	486,094
10,500	-	Pak Elektron	368,130	-
250	250	Pervez Ahmed Co.	408	183
25,000	-	P.I.A.C. (A)	143,750	-
71,500	35,000	Pak Int.Bulk	813,670	308,000
500	3,000	Pioneer Cement	65,535	189,120
126	5,100	Pak Oilfields	49,626	1,788,213
309,000	94,000	Power Cement	2,969,490	582,800
1,378	12,045	Pak Petroleum	119,652	1,045,265
7,500	102,000	Pak Refinery	184,575	1,163,820
100	4,800	Pak Suzuki	35,544	776,784
106	-	P.S.O.	23,771	-
353,259	496,259	Pak Stock Exchange	7,881,208	4,912,964
60,000	-	P.T.C.L.	710,400	-
10,000	-	Panther Tyres Limited	691,300	-
50,000	-	Quice Food	304,000	-
100	3,126	Roshan Packages	3,294	70,085
3,580	2,500	Sazgar Eng	602,192	311,475
82,680	-	Service Global Footwear Limited	4,781,384	-
500	1,000	Shell Pakistan	87,600	182,580
279,039	178,598	Silk Bank Ltd	560,868	150,022
473,062	498,062	Summit Bank	1,102,234	597,674
310,000	310,000	Safe Mix Con.Lt	3,177,500	1,608,900
16,171	10,000	Sui North Gas	785,587	546,000
1,000	-	Sitara Peroxide	28,290	-
15,000	-	Saif Power Ltd.	260,100	-
9,000	37,500	Sui South Gas	119,700	500,250
1,000	-	Shabbir Tiles	33,350	-
48,500	105,000	Siddiqsons Tin	928,290	968,100
-	2,000	The Searle Co.	-	398,460
28,000	-	Telecard Limited	415,520	-
600	600	Thal Limited	253,668	194,964
10,500	-	The Organic Meat Company Limited	385,770	-
5,617	270	Treet Corp	277,985	4,822
-	2,500	TRG Pak Ltd	-	70,600
-	109,000	Tri-Star Poly	-	764,090
97,000	97,000	Tri-Star Power XD	666,390	260,930
25,000	115,000	Unity Foods Ltd	1,113,000	1,282,250
10,000	-	WorldCall Telecom	39,600	-
237	237	Zahidjee Textile Mills Limited	-	4,425
<u>5,433,835</u>	<u>4,909,138</u>		<u>79,331,570</u>	<u>49,007,587</u>

10.2 At fair value through OCI - shares of Pakistan Stock Exchange Limited

2021 Number of Shares	2020 Number of Shares	Note	2021 Rupees	2020 Rupees
<u>1,081,194</u>	<u>1,081,194</u>		<u>-</u>	<u>10,703,821</u>

11 TRADE DEBTS

Unsecured-Considered good

Due from clients	11.1	32,446,814	34,500,043
Unsecured - Considered doubtful		43,677,844	51,704,203
Less : Provision for doubtful debts	11.2	(43,677,844)	(51,704,203)
		-	-
		<u>32,446,814</u>	<u>34,500,043</u>

11.1 Following amount pertaining to related party of the company.

Adnan Mahboob	9,287,620	4,694,065
Ahrar Ahmed	2,950	200
Fasiha Zareen Shaikh	159,000	54,053
Lal Chand	(365)	(365)
Sonia Waqar	149,631	38,083
Waqar Ahmed	52,387	600
Vishangir	115,684	196,475
Zahida Abrar	1,029,846	692,177
	<u>10,796,752</u>	<u>5,675,289</u>

11.2 The Movements of the provision for the doubtful debts is as follows:

Opening balance	51,704,203	56,184,852
Reversal during the year	(8,026,359)	(4,480,649)
Closing balance	<u>43,677,844</u>	<u>51,704,203</u>

11.3 Aging analysis of trade debts

Balance outstanding		
Past due 1 - 14 days	18,659,889	12,815,821
Past due 15 - 30 days	6,576,526	7,548,987
Past due 31 - 60 days	1,152,358	1,245,789
Past due 61 - 90 days	1,030,029	985,798
Past 90 - 365 days	5,028,012	8,901,097
365 days or more	43,677,844	54,706,754
Less : Provision for doubtful debts	11.4 (43,677,844)	(51,704,203)
	<u>32,446,814</u>	<u>34,500,043</u>

11.4 The same amount of provision of Rs.43.67 million (Rs. 51.70 million) is estimated as expected credit loss (ECL).

		2021 Rupees	2020 Rupees
12 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note		
<i>Trade deposits</i>			
National Clearing Company Limited		123,772	612,138
<i>Advance</i>			
Advance against salary		70,000	20,000
Advance against IPO		13,600,000	-
<i>Other Receivables</i>			
Receivable from PSX		-	39,850
		<u>13,793,772</u>	<u>671,988</u>

13 TAXATION - NET

<i>Opening balance</i>		1,847,390	1,631,040
Add : Tax paid during the year		160,743	400,462
Less : Provision for taxation		(415,147)	(198,112)
<i>Closing balance</i>		<u>1,592,987</u>	<u>1,847,390</u>

14 CASH AND BANK BALANCES

Cash in hand		6,745	10,831
Cash at bank in current accounts		4,130,346	1,655,674
Cash at bank in deposits accounts	14.1	1,261,020	41,578
		<u>5,391,366</u>	<u>1,697,252</u>
		<u>5,398,111</u>	<u>1,708,083</u>
<i>Balance pertaining to:</i>			
- clients		3,943,029	1,611,639
- brokerage house		1,448,336	90,715
		<u>5,391,366</u>	<u>1,697,252</u>

14.1 The balances in deposits accounts carry markup at the ranging from 2% to 3.25% (2020 : 2% to 3.25%).

		2021 Rupees	2020 Rupees
15 LONG TERM LOAN	Note		
<i>Unsecured</i>			
Directors and sponsors	15.1	14,139,428	14,139,428
Add: Received during the year		-	300,000
Less: Repaid during the year		-	(300,000)
Less: Amortization of Loan		(4,949,770)	(4,949,770)
Unwinding of director loan		827,070	-
		<u>10,016,728</u>	<u>9,189,658</u>

15.1 These represent interest free loans and are not repayable within next twelve months and are amortized over a period of four years at 1 Year KIBOR + 1.5% at June 30, 2021.

		2021 Rupees	2020 Rupees
16 SHORT TERM BORROWINGS	<i>Note</i>		
<i>Secured-from banking companies</i>			
Murabaha finances facility-Dubai Islamic Bank Limited	16.1	29,147,553	29,827,558
Murabaha finances facility- Bank Islami Limited	16.2	22,019,920	20,743,658
		<u>51,167,473</u>	<u>50,571,216</u>

16.1 The facility is secured against pledge of listed securities held by the member and personal guarantee of all the Directors along with their personal net worth statements covering facility amount plus markup. The facility carries markup at the rate of 3 months KIBOR + 2.5% (2020 : KIBOR + 2.5%). Total aggregate sanctioned limit is Rs.30 million (2020 : 30 million) and unavailed facility is Rs.0.852 million (2020 : Rs.0.172 million).

16.2 The facility is secured against pledge of listed securities held by the member and personal guarantee of all the Directors along with their personal net worth statements covering facility amount plus markup. The facility carries markup at the rate of 3 months KIBOR + 2.5% (2020 : 3 months Kibor + 2.5%). Total aggregate sanctioned limit is Rs.30 million (2020 : Rs.30 million) and unavailed facility is Rs.7.98 million (2020 : Rs.9.25 million).

	2021 Rupees	2020 Rupees
17 TRADE AND OTHER PAYABLES		
Due to clients	3,942,956	1,611,636
Accrued expenses	1,440,991	1,281,212
With holding tax payable	15,881	7,800
	<u>5,399,828</u>	<u>2,900,648</u>

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

There are no contingencies at the year end (2020: Nil).

18.2 Commitments

Commitment against unrecorded transactions executed before year end having settlement date subsequent to year end:

	2021 Rupees	2020 Rupees
For purchase of shares	<u>24,492,276</u>	<u>24,492,276</u>
For sale of shares	<u>24,925,887</u>	<u>24,925,887</u>

19 BROKERAGE INCOME	Note	2021 Rupees	2020 Rupees
Gross commission		18,278,851	7,045,778
Services tax		(1,653,873)	(611,467)
		<u>16,624,978</u>	<u>6,434,311</u>
Commission to dealers & agents		-	(52,393)
	19.1	<u>16,624,978</u>	<u>6,381,918</u>

19.1 Brokerage commission pertains to

Retail customers	<u>16,624,978</u>	<u>6,381,918</u>
------------------	-------------------	------------------

20 ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, allowances and other benefits		4,477,500	4,563,500
Director remuneration		3,900,000	5,585,325
Service and transaction charges		2,106,082	871,629
Travelling and Conveyance		13,450	211,095
Postage, telephone and telegraph		231,520	314,615
Internet Bill		160,400	11,950
Repair and maintenance		559,656	1,020,480
Utilities		256,070	255,414
Printing and stationery		99,024	94,290
Fee and subscription		140,000	513,114
Legal and professional charges		465,950	460,500
Audit fees	20.1	360,000	322,100
Insurance expenses		43,875	48,981
Entertainment		532,996	169,480
Charity and donations		617,621	517,659
Depreciation		85,809	93,985
Miscellaneous		97,110	333,189
Receivable from PSX written off	12	39,850	-
Billing Invoice		24,386	17,500
		<u>14,211,299</u>	<u>15,404,806</u>

20.1 Audit fees

Statutory audit	300,000	264,600
Certifications		
Net capital and Liquid Capital	30,000	30,000
Assets Segregation	30,000	27,500
	<u>360,000</u>	<u>322,100</u>

21 FINANCIAL CHARGES

Amortization of advances	432,662	761,573
Short term borrowing - Murabaha Facility	4,719,031	6,184,003
Unwinding of Directors loan	827,070	-
Bank charges	265,509	167,905
Non Delivery Charges	46,281	54,000
	<u>6,290,553</u>	<u>7,167,480</u>

	Note	2021 Rupees	2020 Rupees
22 OTHER OPERATING INCOME			
<i>Income from financial assets</i>			
Interest income		-	434
Other income		221,237	11,099
Reversal of provision		8,026,359	4,480,649
		<u>8,247,596</u>	<u>4,492,181</u>
<i>Income from non-financial assets</i>			
Unwinding of advances	8	761,573	1,099,550
		<u>9,009,169</u>	<u>5,591,731</u>

	2021		2020	
	Directors	Chief Executive	Directors	Chief Executive
23 REMUNERATION OF CHIEF EXECUTIVE				
	<u>----- Rupees -----</u>			
Remuneration	-	3,900,000	-	5,585,325
Number of person(s)	-	1	-	1

23.1 In addition to the above the Chief Executive is also provided with free use of company maintained vehicle and reimbursement of few expenses.

	2021 Rupees	2020 Rupees
24 FINANCIAL INSTRUMENTS BY CATEGORY		
<i>Financial Assets</i>		
<i>Investment - At fair value through other comprehensive income</i>		
Long term investment	10,703,821	10,703,821
<i>Investment - at fair value through other profit and loss</i>		
Short term investments	49,007,587	49,007,587
<i>Loans and receivables</i>		
Long term advances	978,287	978,287
Long term deposits	500,000	500,000
Trade debts	34,500,043	34,500,043
Trade deposits	612,138	612,138
Cash and bank balances	1,708,083	1,708,083
	<u>38,298,551</u>	<u>38,298,551</u>
	<u>98,009,960</u>	<u>98,009,960</u>
<i>Financial Liabilities</i>		
<i>Financial liabilities - at amortized cost</i>		
Long-term loans	9,189,658	9,189,658
Short term borrowings	50,571,216	50,571,216
Accrued markup	594,222	594,222
Trade and other payables	2,900,648	2,900,648
	<u>63,255,744</u>	<u>63,255,744</u>

25.1 Risk Management Policies

The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

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

25.2 Credit risk

Credit risk arises when changes in economic or industry factors similarly affects Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, other receivables and cash and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows: -

	<i>2021</i> <i>Rupees</i>	<i>2020</i> <i>Rupees</i>
Long term investment	24,121,438	10,703,821
Short term investments	79,331,570	49,007,587
Long term advances	1,307,198	978,287
Long term deposits	500,000	600,000
Trade debts	32,446,814	34,500,043
Trade deposits	13,793,772	671,988
Bank balances	5,398,111	1,708,083
	<u>156,898,903</u>	<u>98,169,809</u>

All the trade debtors at balances sheet date are domestic parties and management expects that overdue receivables will be recovered soon and provision of Rs. 43.67 million is sufficient in respect of doubtful debt.

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

25.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any.

Financial Liabilities

Long term loans
Short term borrowings
Accrued markup
Trade and other payables

2021		
Carrying Amount	Contractual Cash Flows	Less than one year
----- Rupees -----		

10,016,728	14,139,428	-
51,167,473	(51,167,473)	(51,167,473)
782,267	(782,267)	(782,267)
5,399,828	(5,399,828)	(5,399,828)
67,366,296	(43,210,140)	(57,349,568)

Financial Liabilities

Long term loans
Short term borrowings
Accrued markup
Trade and other payables

2020		
Carrying Amount	Contractual Cash Flows	Less than one year
----- Rupees -----		

9,189,658	(14,139,428)	-
50,571,216	(50,571,216)	(50,571,216)
594,222	(594,222)	(594,222)
2,685,077	(2,685,077)	(2,685,077)
63,040,172	(67,989,942)	(53,850,514)

25.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

a) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company believes that it is not exposed to any significant level of currency risk.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments is:

	2021	2020	2021	2020
	Effective Rate		Carrying amount	
	(In percent)		Rupees	
Financial liabilities				
Variable rate instrument				
Short term borrowings	3M KIBOR 2.5%	3M KIBOR 2.5%	51,167,473	50,571,216

Cash flow sensitivity analysis for variable rate instruments

A Change of 100 basis points in interest rates at the reporting date would have increased / (decreased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

	Profit and loss	
	100 bp Decrease	100 bp Increase
As at June 30, 2021		
Cash flow sensitivity - variable rate financial liabilities	(511,675)	511,675
As at June 30, 2020		
Cash flow sensitivity - variable rate financial liabilities	(505,712)	505,712

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss)/profit for the year and assets/liabilities of the Company.

c) Price Risk

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

- Sensitivity analysis

At reporting date, if the market prices of each security held by the Company as short term investment had increased / decreased by Rupee 1 with all other variables remain constant, pre tax profit would have been higher / lower by the amount shown below.

	2021 Rupees	2020 Rupees
Effect on profit		
Increase / Decrease	5,433,835	4,909,138

26 TRANSACTIONS WITH RELATED PARTIES

Related parties comprises associated companies, directors, key management personnel of member companies and various other related parties that has an interest in the Company that gives it significant influence over the Company. Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

<i>Relation with the Company</i>	<i>2021 Rupees</i>	<i>2020 Rupees</i>
<i>Directors / Sponsors</i>		
<i>- Brokerage commission on transactions</i>		
Adnan Mahboob	1,254,626	180,682
Fasiha Zareen Shaikh	110,844	15,963
Lal Chand	133,606	19,241
Sonia Waqar	7,719	1,112
Vishangir	3,223,223	464,184
Zahida Abrar	44,956	6,474
	<u>4,774,974</u>	<u>687,655</u>
<i>Long term loan from directors and sponsors as at June 30,</i>		
Adnan Memboob	10,661,028	10,661,028
Ahrar Ahmed	1,585,200	1,585,200
Waqar Ahmed	1,893,200	1,893,200
	<u>14,139,428</u>	<u>14,139,428</u>

Year end balances are mentioned in relevant notes.

The above transactions are at arm's length basis on commercial terms and conditions.

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

Capital risk management

The Company monitors capital using a gearing ratio, which is net debt divided by total capital which is the sum of equity and net debt. Equity comprises of share capital, capital and revenue reserves. Net debt is arrived at by deducting cash and bank balances from borrowings. During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios worked out as follows: -

	<i>2021 Rupees</i>	<i>2020 Rupees</i>
Total borrowings	51,167,473	50,571,216
Cash and bank balances	(5,398,111)	(1,708,083)
Net debt	45,769,362	48,863,133
Total equity	106,191,498	54,759,676
Total capital	151,960,860	103,622,808
Gearing ratio	30.12%	47.15%

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1	ASSETS	----- Amount in Rupees -----		
1.1	Property and Equipment	496,284	100.00%	-
1.2	Intangible Assets	2,500,000	100.00%	-
1.3	Investment in Government Securities	-	-	-
1.4	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure up to 1 year.	-	-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure up to 1 year.	-	-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
1.5	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	79,331,570	16,190,947	63,140,623
	ii. If unlisted, 100% of carrying value.	-	100.00%	-
1.6	Investment in subsidiaries	-	-	-
1.7	Investment in associated companies/undertaking			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	623,772	100.00%	-
1.9	Margin deposits with exchange and clearing house.	-	-	-
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	-	-	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.15	Advances and receivables other than trade receivables	----- Amount in Rupees -----		
	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	-	-	-
	ii. Tax refunds due from Government	-	-	-
	iii. Receivables other than trade receivables	-	-	-
1.16	Receivables from clearing house or securities exchange(s)			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MTM gains.	-	-	-
1.17	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>	-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>	-	-	-
	iii. In case 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. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	9,977,351	-	9,977,351
	v. In case 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>	66,147,307	47,793,374	18,353,933
	<i>vi. 100% haircut in the case of amount receivable from related parties.</i>	-	-	-
1.18	Cash and Bank balances			
	i. Bank balance - proprietary accounts	1,448,336	-	1,448,336
	ii. Bank balance - customer accounts	3,943,029	-	3,943,029
	iii. Cash in hand	6,745	-	6,745
1.19	Subscription money against Investment in IPO/offer for Sale: No haircut if shares have not been allotted or are not included in the investments of securities broker.	-	-	-
1.20	Total Assets	164,474,394		96,870,017

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2	LIABILITIES	----- Amount in Rupees -----		
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	3,942,956	-	3,942,956
2.2	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	2,239,139	-	2,239,139
	iii. Short-term borrowings	51,167,473	-	51,167,473
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for taxation	-	-	-
	viii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	Non-Current Liabilities			
	<i>i. Long-Term financing</i>	-	-	-
	a. Long-Term financing obtained from financial institution: 100% haircut in case of long term portion of financing obtained from a financial institution including amount due against finance lease	-	100%	-
	<i>ii. Staff retirement benefits</i>	-	-	-
	<i>iii. Other non-current liabilities as per accounting principles and included in the financial statements</i>	-	-	-
2.4	Subordinated Loans			
	<i>i. 100% haircut in case of Subordinated loans which fulfill the conditions specified by SECP</i>	14,659,183	14,659,183	-
	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.			
	<i>ii. Subordinated loans which do not fulfill the conditions specified by SECP</i>	-	-	-
2.5	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.			
2.6	Total Liabilities	72,008,751		57,349,568

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3	RANKING LIABILITIES RELATING TO:	----- Amount in Rupees -----		
3.1	Concentration in Margin Financing			
	The amount calculated client - to - client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
3.2	Concentration in securities lending and borrowing			
	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.	-	-	-
3.3	Net underwriting Commitments			
	(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 commitment.	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
3.4	Negative equity of subsidiary			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	Foreign exchange agreements and foreign currency positions			
	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	Repo adjustment			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying 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.	-	-	-
3.8	Concentrated proprietary positions			
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	-	-

<i>S. No.</i>	<i>Head of Account</i>	<i>Value in Pak Rupees</i>	<i>Hair Cut / Adjustments</i>	<i>Net Adjusted Value</i>
3.9	Opening Positions in futures and options	----- Amount in Rupees -----		
	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	-	-	-
3.10	Short sell positions			
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Ranking Liabilities	-	-	-

Calculation Summary of Liquid Capital:

1	Adjusted value of Assets (serial number 1.20)	96,870,017
2	Less: Adjusted value of liabilities (serial number 2.6)	(57,349,568)
3	Less: Total ranking liabilities (series number 3.11)	-
		<u>39,520,449</u>

29 NET CAPITAL BALANCE AS OF JUNE 30, 2021

CURRENT ASSETS

Cash in hand and bank balances

Cash in hand

6,745

Bank Balances

Bank balances pertaining to brokerage house

1,448,336

Bank balances pertaining to clients

3,943,029

5,391,365

14

5,398,110

Trade Receivables

Receivable From Clients

11

76,124,658

Less: Overdue for more than 14 days

(57,464,769)

18,659,889

Margin deposited with NCCPL

against exposure ready market

12

123,772

Securities held on behalf of client where payment
has not been received in 14 days

12,547,332

Investment in listed securities

Securities on the exposure list marked to market

29.1

78,143,362

Less: 15% discount

(11,721,504)

66,421,857

Total Current Assets

A

103,150,961

CURRENT LIABILITIES

Trade Payable

Book values

17

3,942,956

Less: over due for more than 30 days

29.2

(971,255)

2,971,701

Other liabilities

29.2

54,377,867

Total Current Liabilities

B

57,349,568

NET CAPITAL BALANCE

A minus B

45,801,393

29.1 Securities on the exposure list marked to market

Investment in listed securities

10

79,331,570

Less: shares pledged with PSX against base minimum capital

(1,188,208)

78,143,362

29.2 Other liabilities

Trade creditors over due more than 30 days

971,255

Accrued liabilities

17

2,239,139

Short term borrowing

16

51,167,473

54,377,867

30 CAPITAL ADEQUACY LEVEL

2021
Rupees

2020
Rupees

The capital adequacy level of the company is as follows:

Total assets	173,557,794	118,015,419
Less: Total liabilities	(67,366,296)	(63,255,744)
Less: Revaluation reserves (created upon revaluation of fixed assets)	-	-
Capital adequacy level	106,191,498	54,759,675

30.1 While determining the value of total assets of TREC holder, notional value of TRE certificate held by B & B Securities (Private) Limited as at year ended June 30, 2021 as determined by the Pakistan Stock Exchange Limited.

31 NUMBER OF EMPLOYEES

The number of employees as at year end were 11 (2020:10) and average number of employees were 11 (2020:10).

32 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 04 OCT 2021 by the Board of Directors of the Company.

33 GENERAL

Amount have been rounded off to the nearest rupees.



Chief Executive



Director

