REANDA

Reanda Haroon Zakaria & Company

Chartered Accountants

HZ

# VENUS SECURITIES (PRIVATE) LIMITED

Financial Statements

For the year ended June 30, 2022

Room No. M1-M4, Mezzanine Floor, Progressive Plaza, Plot No. 5-CL-10,
Civil Lines Quarter,Beaumont Road, Near Dawood Centre, Karachi-75530 Pakistan.
Phone: +92 21 35674741-44 | Fax: +92 21 35674745
Email: info@hzco.com.pk | URL: http://www.hzco.com.pk

# INDEPENDENT AUDITOR'S REPORT
# TO THE MEMBERS OF VENUS SECURITIES (PRIVATE) LIMITED
# REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

## Opinion

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

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

## Basis for Opinion

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

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report but 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**REANDA**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on Other Legal and Regulatory Requirements**

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat is deductible at source under the Zakat and Ushr Ordinance, 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 balance sheet was prepared.

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

Reanda Haroon Zakaria & Co

**Reanda Haroon Zakaria & Company**
**Chartered Accountants**

**Place:** Karachi
**Dated:** October 10, 2022
**UDIN:** AR2022101270aHYQ1flC

**VENUS SECURITIES (PRIVATE) LIMITED**
**STATEMENT OF FINANCIAL POSITION**
**AS AT JUNE 30, 2022**

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property and equipment | 4 | 3,860,757 | 5,210,332 |
| Intangibles | 5 | 2,500,000 | 2,500,000 |
| Long term deposit | 6 | 5,264,055 | 15,313,046 |
| Deferred tax asset | 7 | - | - |
| | | 11,624,812 | 23,023,378 |
| **Current Assets** | | | |
| Trade debts | 8 | 6,160,197 | 416,155 |
| Advances, prepayment and other receivables | 9 | 7,091,641 | 31,715,234 |
| Short-term investments | 10 | 61,569,730 | 58,058,060 |
| Tax refunds due from government | 11 | 1,019,448 | 773,909 |
| Cash and bank balance | 12 | 3,783,330 | 32,850,541 |
| | | 79,624,346 | 123,813,899 |
| **Total Assets** | | 91,249,158 | 146,837,277 |
| **EQUITY AND LIABILITIES** | | | |
| **Share Capital and Reserves** | | | |
| **Authorised Share Capital** | | | |
| 2,000,000 (2021: 2,000,000) Ordinary shares of Rs.100 each | | 200,000,000 | 200,000,000 |
| Issued, subscribed and paid-up capital | 13 | 155,000,000 | 155,000,000 |
| Unappropriated profit | | (72,115,951) | (58,690,123) |
| **Shareholders' Equity** | | 82,884,049 | 96,309,877 |
| **Current Liabilities** | | | |
| Trade and other payables | 14 | 4,877,218 | 36,072,130 |
| Temporary overdraft | 15 | 3,196,213 | 14,455,270 |
| Accrued markup | | 291,678 | - |
| | | 8,365,109 | 50,527,400 |
| **Contingencies and Commitments** | 16 | | |
| **Total Equities and Liabilities** | | 91,249,158 | 146,837,277 |

The annexed notes 1 to 30 form an integral part of the financial statements.

*Chief Executive*

*Director*

## *VENUS SECURITIES (PRIVATE) LIMITED*
## *STATEMENT OF PROFIT OR LOSS*
## *FOR THE YEAR ENDED JUNE 30, 2022*

| | *Note* | *2022 Rupees* | *2021 Rupees* |
|---|---|---|---|
| Operating revenue | 17 | **7,225,403** | 4,811,287 |
| Gain on sale of short investments | | **7,907,839** | 15,162,599 |
| Loss on remeasurement of investment - at FVTPL | | **(7,199,817)** | (80,783) |
| | | **7,933,425** | 19,893,103 |
| Operating and administrative expenses | 18 | **(23,484,341)** | (21,632,833) |
| **Loss from operation** | | **(15,550,916)** | (1,739,730) |
| Financial charges | 19 | **(669,471)** | (426,117) |
| Other income | 20 | **2,981,940** | 885,311 |
| | | **2,312,469** | 459,194 |
| **Loss before taxation** | | **(13,238,447)** | (1,280,536) |
| Taxation | 21 | **(187,381)** | (80,973) |
| **Loss after taxation** | | **(13,425,828)** | (1,199,563) |

The annexed notes 1 to 30 form an integral part of the financial statements.

*Chief Executive*

*Director*

***VENUS SECURITIES (PRIVATE) LIMITED***
***STATEMENT OF COMPREHENSIVE INCOME***
***FOR THE YEAR ENDED JUNE 30, 2022***

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| **Loss after taxation** | **(13,425,828)** | (1,199,563) |
| Other comprehensive income | - | - |
| **Total comprehensive loss for the year** | **(13,425,828)** | (1,199,563) |

The annexed notes 1 to 30 form an integral part of the financial statements.

*Chief Executive*

*Director*

**VENUS SECURITIES (PRIVATE) LIMITED**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED JUNE 30, 2022**

| | Share capital | Revenue Reserve<br>Accumulated loss | Total |
|---|---|---|---|
| | ------------ | Rupees ------------ | |
| Balance as at June 30, 2020 | 155,000,000 | (57,490,560) | 96,402,824 |
| Loss for the year | - | (1,199,563) | (1,199,563) |
| **Balance as at June 30, 2021** | 155,000,000 | (58,690,123) | 96,309,877 |
| **Loss for the year** | - | **(13,425,828)** | **(13,425,828)** |
| **Balance as at June 30, 2022** | **155,000,000** | **(72,115,951)** | **82,884,049** |

The annexed notes 1 to 30 form an integral part of the financial statements.

*Chief Executive*

*Director*

**VENUS SECURITIES (PRIVATE) LIMITED**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED JUNE 30, 2022**

| | 2022<br>Rupees | 2021<br>Rupees |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| **Loss before taxation** | (13,238,447) | (1,280,536) |
| **Adjustment for non-cash charges and other items** | | |
| Depreciation | 1,563,175 | 683,637 |
| Loss on remeasurement of investment | 7,199,817 | 80,783 |
| Dividend income | (735,546) | - |
| Financial charges | 669,471 | - |
| Capital gain on disposal of shares | (7,907,839) | (15,162,599) |
| | 789,078 | (14,398,179) |
| **Operating loss before working capital changes** | (12,449,369) | (15,678,715) |
| **Effect of changes in working capital** | | |
| **(Increase) / decrease in current assets** | | |
| Trade debts | (5,744,042) | 457,116 |
| Advances and other receivables | 24,623,593 | 5,706,842 |
| | 18,879,551 | 6,163,958 |
| **Increase / (decrease) in current liabilities** | | |
| Trade and other payables | (31,194,912) | 33,733,092 |
| **Cash (used in) / generated from operations** | (24,764,730) | 24,218,335 |
| Financial charges paid | (377,793) | - |
| Taxes paid | (432,920) | (208,800) |
| Long term deposit - net | 10,048,991 | (11,900,000) |
| **Net cash (used in) / generated from operating activities** | (15,526,452) | 12,109,535 |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of property and equipment | (213,600) | (5,603,356) |
| Investments - net | (2,803,648) | (5,864,289) |
| Dividend received | 735,546 | - |
| **Net cash used in investing activities** | (2,281,702) | (11,467,645) |

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| ***C. CASH FLOW FROM FINANCING ACTIVITIES*** | | |
| Temporary overdraft | (11,259,057) | 14,455,270 |
| **Net cash (used in) / generated from financing activities** | **(11,259,057)** | 14,455,270 |
| **Net (decrease) / increase in cash and cash equivalent (A+B+C)** | **(29,067,211)** | 15,097,160 |
| **Cash and cash equivalents at beginning of the year** | **32,850,541** | 17,753,381 |
| **Cash and cash equivalents at end of the year** | **3,783,330** | 32,850,541 |

The annexed notes 1 to 30 form an integral part of the financial statements.

*Chief Executive*

*Director*

## 1 LEGAL STATUS AND NATURE OF BUSINESS

Venus Securities (Private) Limited was incorporated as a private limited company under the Companies Ordinance, 1984 (Now Companies Act, 2017) on June 06, 2007. The registered office is situated at 804-805 8th floor New Stock Exchange Building, Stock Exchange Road, Karachi. The Company is a Trading Right Entitlement Certificate Holder of the Pakistan Stock Exchange Limited and Pakistan Mercantile Exchagne Limited.

The principal activity of company is the business of stock brokerage and portfolio management.

## 2 BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

- International Financial reporting standards (IFRS standards), issued by international Accounting standards Board (IASB) as notified under Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from 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 investment which are carried at fair value, without any adjustments for the effects of inflation or current values.

### 2.3 Functional and presentation currency

The financial statements are presented in Pak Rupees, which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest rupee.

### 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and 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 of which form the basis of making the judgments about the 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 recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows: -

***Property and equipment***

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding affect on the depreciation charge and impairment.

***Intangible assets***

The Company reviews the rate of amortisation and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortisation charge and impairment.

***Trade debts***

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

***Income taxes***

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and establish provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

### 2.5 *Standards, interpretations and amendments to approved accounting standards*

***Amendments to published standards and IFRS interpretations that are effective for the year ended June 30, 2022***

There were certain amendments to accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

### 2.5.1 *Standards, amendments and improvements to approved accounting standards that are not yet effective*

| | | *Effective date (annual periods beginning on or after)* |
|---|---|---|
| IAS 1 | Presentation of financial statements (Amendments) | January 1, 2023 |
| IAS 8 | Accounting policies, changes in accounting estimates and errors (Amendments) | January 1, 2023 |

| | | ***Effective date (annual periods beginning on or after)*** |
|---|---|---|
| **IAS 12** | **Income Taxes (Amendments)** | **January 1, 2023** |
| **IAS 16** | **Property, Plant and Equipment (Amendments)** | **January 1, 2022** |
| **IAS 37** | **Provisions, Contingent Liabilities and Contingent Assets (Amendments)** | **January 1, 2022** |
| **IFRS 03** | **Business Combinations (Amendments)** | **January 1, 2022** |
| **IFRS 09** | **Financial Instruments (Amendments)** | **January 1, 2022** |
| **IFRS 16** | **Leases (Amendments)** | **January 1, 2022** |

## *3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

### *3.1 Property and Equipment*

These are initially measured at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment loss if any.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is charged to income using the reducing balance method at the rates specified in the relevant note. Monthly depreciation is charged on additions during the month while no depreciation is charged on assets in the month of disposal.

The Company reviews the useful lives and residual value of its assets on regular basis . Any change in the estimates in future years might affect the carrying amounts of the respective items of property, equipment with a corresponding effect on the depreciation charge.

Maintenance and normal repairs are charged to income as and when incurred.

Gain or loss on disposal of an asset is charged to statement of profit or loss.

### *3.2 Intangible Assets*

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

Intangible assets having finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Intangible assets having an infinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company.

An intangible asset with an indefinite useful life is not amortized. However, the carrying amount is reviewed at each reporting date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in statement of profit or loss when the asset is derecognised.

### 3.3 *Financial instruments*

#### 3.3.1 *Initial Recognition*

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortized cost as the case may be.

#### 3.3.2 *Classification of financial assets*

The Company classifies its financial instruments in the following categories:

- at amortized cost.
- at fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit and loss ("FVTPL"),

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

***Financial assets at amortized cost***

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets at fair value through OCI***

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

*Financial assets at fair value through P&L*

A financial asset is measured at fair value through P&L unless it is measured at amortized or at fair value through OCI.

### 3.3.3 *Financial liabilities*

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

### 3.3.4 *Subsequent measurement*

*Financial assets at FVTOCI*

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

### 3.3.5 *Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

### 3.3.6 *Derecognition*

***Financial assets***

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

***Financial liabilities***

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

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

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

### 3.4 *Advances and Deposits*

All short and long term advances and deposits are carried at nominal amount. Provisions are made for doubtful amounts. Irrecoverable amounts are written off to statement of profit or loss.

### 3.5 *Trade debts*

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Trade receivables in respect of securities sold on behalf of client are recorded at settlement date of transaction

### 3.6 *Cash and cash equivalents*

These include cash in hand and bank balances and are carried at amortised cost.

### 3.7 *Trade and other payables*

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

Trade payables in respect of securities purchased are recorded at settlement date of transaction.

### 3.8 *Taxation*

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in statement of changes in equity or in which case it is recognised in equity.

*Current*

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

*Deferred*

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the 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 recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is charged or credited to the statement of profit or loss.

### 3.9 *Provisions*

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

### 3.10 *Revenue*

Brokerage commission, consultancy and other income are recognised as and when such services are provided and the performance obligation is satisfied.

Interest income is recognised on a time proportion basis using the effective interest rate of return.

Gain / (loss) on sale of securities are included in statement of profit or loss on settlement date basis.

### 3.11 *Expenses*

All expenses are recognised in the statement of profit or loss on accrual basis.

### 3.12 *Impairment*

*Non-Financial assets*

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization. if no impairment loss had been recognised.

### 3.13 *Related party transactions*

All transactions with related parties are carried out by the Company at arms' length price using the admissible pricing method.

## 4 PROPERTY AND EQUIPMENT

| Particular | Computer | Office Equipment | Vehicle | Total |
|---|---|---|---|---|
| | Owned | | | |
| | ----------- Rupees ----------- | | | |
| Net book value as at June 30, 2020 | 157,403 | 133,210 | - | 290,613 |
| Additions | 324,100 | 115,440 | 5,140,115 | 5,579,655 |
| Depreciation charged | 106,398 | 39,527 | 514,012 | 659,936 |
| **Net book value as at June 30, 2021** | **375,105** | **209,123** | **4,626,103** | **5,210,332** |
| Additions | **28,000** | **40,600** | **145,000** | **213,600** |
| Depreciation charged | **(117,432)** | **(32,536)** | **(1,413,207)** | **(1,563,175)** |
| **Net book value as at June 30, 2022** | **285,673** | **217,187** | **3,357,896** | **3,860,757** |
| **At June 30, 2021** | | | | |
| Cost | 575,034 | 287,662 | 5,140,115 | 6,002,811 |
| Accumulated depreciation | (199,929) | (78,539) | (514,012) | (792,479) |
| **Net book value** | 375,105 | 209,123 | 4,626,104 | 5,210,332 |
| **At June 30, 2022** | | | | |
| Cost | **603,034** | **328,262** | **5,285,115** | **6,216,411** |
| Accumulated depreciation | **(317,361)** | **(111,075)** | **(1,927,219)** | **(2,355,654)** |
| **Net book value** | **285,673** | **217,187** | **3,357,897** | **3,860,757** |
| **Rate of depreciation %** | **30%** | **15%** | **30%** | |

## 5 INTANGIBLES

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| ***Trading Rights Entitlement Certificate (TREC)*** | | | |
| Pakistan Stock Exchange Limited | 5.1 | **2,500,000** | 2,500,000 |

*5.1* These represent Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX).

## 6 LONG-TERM DEPOSITS

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| Central Depository Company of Pakistan Limited (CDC) | **100,000** | 100,000 |
| Pakistan Stock Exchange Limited (PSX) | **2,464,055** | 12,513,046 |
| National Clearing Company of Pakistan Limited (NCCPL) | **1,400,000** | 1,400,000 |
| Pakistan Mercantile Exchange Limited (PMEX) | **1,300,000** | 1,300,000 |
| | **5,264,055** | 15,313,046 |

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **7 *DEFERRED TAX ASSET*** | | | |
| Deferred taxation comprises differences relating to: | | | |
| **Taxable temporary differences** | | | |
| Accelerated tax depreciation | | - | 78,933 |
| **Credit arise in respect of the following:** | | | |
| Tax losses | | (8,708,295) | 1,302,216 |
| Capital loss on disposal | | (18,321,532) | 8,999,366 |
| Accelerated tax depreciation | | (102,855) | - |
| Unrealised gain on investment | | (1,079,972) | - |
| Turnover tax impact | | (209,882) | 123,217 |
| | | (28,422,536) | 10,424,799 |
| Deferred tax asset | | (28,422,536) | 10,503,732 |
| **Unrecognised deferred tax asset** | 7.1 | 28,422,536 | (10,503,732) |
| | | - | - |

***7.1*** The Company has not recognised above deferred tax asset due to the uncertainty regarding taxable profits in foreseeable future against which the deferred tax asset can be utilized or adjusted.

| | Note | *2022 Rupees* | *2021 Rupees* |
|---|---|---|---|
| ***8 TRADE DEBTS*** | | | |
| *- Considered good* | | | |
| Receivable from clients | 8.1 | **6,160,197** | 416,155 |

***8.1 Receivable from clients***

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| Considered good | **6,160,197** | 416,155 |
| Considered doubtful | - | - |
| | **6,160,197** | 416,155 |
| Provision for doubtful receivables | - | - |
| | **6,160,197** | 416,155 |

***8.2 Clients securities pledged***

The company holds capital securities having fair value of **Rs. 105.273 million** (2021 : Rs. 247.51 million) owned by its clients, as collaterals against trade debts.

***8.3 Aging analysis***

The aging analysis of trade debts is as follows:

| | *2022 Rupees* | *2021 Rupees* |
|---|---|---|
| Upto fourteen days | **6,087,612** | 404,659 |
| More than fourteen days | **72,585** | 11,496 |
| | **6,160,197** | 416,155 |

| | Note | *2022 Rupees* | *2021 Rupees* |
|---|---|---|---|

## 9 *ADVANCES, PREPAYMENT AND OTHER RECEIVABLES*
***- Considered good***

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **Deposit** | | | |
| Margin deposits with NCCPL | | 4,718,534 | 22,046,059 |
| **Prepayments** | | 315,000 | - |
| **Other Receivable** | | | |
| From employees | | 1,854,747 | 9,669,175 |
| Profit receivable | | 203,360 | - |
| | | 7,091,641 | 31,715,234 |

## 10 *SHORT-TERM INVESTMENTS*

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **At fair value through profit or loss** | | | |
| In quoted securities | 10.1 | 61,569,730 | 58,058,060 |

***10.1*** Fair value of securities, pledged with Pakistan Stock Exchange limited against Base Minimum Capital (BMC) is **Rs. 9.339 million** (2021: Rs. 3.233 million)

## 11 *TAX REFUNDS DUE FROM GOVERNMENT*

| | Note | *2022 Rupees* | *2021 Rupees* |
|---|---|---|---|
| Opening tax refundable | | 773,909 | 484,136 |
| Provision for the year | | (200,649) | (85,449) |
| Prior year | | 13,268 | 166,422 |
| | | 586,528 | 565,109 |
| Tax paid during the year | | 432,920 | 208,800 |
| | | 1,019,448 | 773,909 |

## 12 *CASH AND BANK BALANCE*

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Cash in hand | | 3,185 | - |
| Cash at bank - Current account | 12.1 | 3,780,145 | 32,850,541 |
| | | 3,783,330 | 32,850,541 |

***12.1 Balance pertaining to :***

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| - brokerage house | | 4,965 | 4,965 |
| - clients | | 3,775,180 | 32,845,576 |
| | | 3,780,145 | 32,850,541 |

## 13 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

| 2022 Number of Shares | 2021 Number of Shares | | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|---|
| 1,550,000 | 1,550,000 | Ordinary shares of Rs.100 each issued for cash | | 155,000,000 | 155,000,000 |
| 1,550,000 | 1,550,000 | | | 155,000,000 | 155,000,000 |

## 14 TRADE AND OTHER PAYABLES

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| Trade creditors | 3,774,676 | 32,845,179 |
| Accrued liabilities | 549,022 | 210,881 |
| Other liabilities | 553,520 | 3,016,070 |
| | 4,877,218 | 36,072,130 |

## 15 TEMPORARY OVERDRAFT

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Temporary overdraft | 15.1 | 3,196,213 | 14,455,270 |

*15.1* The above facilities carry mark up ranging from **1 month KIBOR + 2%** (2021 : 1 month KIBOR + 2.5% to 5.5%) per annum. These facilities are secured against pledge of sharewith 35% margin and personal guarantees of all directors of the Company.

| Nature of Facility | Available Limits 2022 | Available Limits 2021 | Unavailed Limits 2022 | Unavailed Limits 2021 |
|---|---|---|---|---|
| | ---------- Rupees ---------- | | | |
| Running finance | 50,000,000 | 50,000,000 | 46,803,787 | 35,544,730 |

*15.2* Fair value of pledged securities with financial institutions indicating separately securities belonging to customers is as under:

| | June 30, 2022 | | June 30, 2021 | |
|---|---|---|---|---|
| | Number of Securities | Amount | Number of Securities | Amount |
| | ------------ Rupees ------------ | | | |
| Client | 33,660 | 1,827,265 | 3,546,100 | 37,703,148 |
| House | 786,000 | 23,162,115 | 520,000 | 26,234,185 |
| **Total** | 819,660 | 24,989,380 | 4,066,100 | 63,937,333 |

## 16 COMMITMENTS

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

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| For purchase of shares | 49,722,316 | 672,983,477 |
| For sale of shares | 48,202,909 | 674,828,638 |

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **17 OPERATING REVENUE** | | | |
| Brokerage income from Pakistan Stock Exchange | | 7,105,403 | 4,811,287 |
| Brokerage income from Pakistan Mercantile Exchange Limited | | 120,000 | - |
| | | 7,225,403 | 4,811,287 |
| **18 ADMINISTRATIVE AND OPERATING EXPENSES** | | | |
| Salaries and other benefits | | 12,653,491 | 8,144,500 |
| PSX service charges | | 2,873,533 | 4,919,069 |
| C.D.C charges | | 124,089 | 429,421 |
| PSX brokers association | | 493,494 | 58,594 |
| NCCPL service charges | | 1,858,800 | 3,023,981 |
| SECP expenses | | 358,418 | 708,433 |
| Fee and subscription | | 149,050 | 125,025 |
| Vehicle Insurance | | - | 98,100 |
| Rent, rate and taxes | | 612,500 | 538,750 |
| Electricity | | 353,186 | 231,814 |
| Telephone and mobile | | 120,330 | 106,400 |
| Printing and stationery | | 206,140 | 24,880 |
| Repair and maintenance - Office | | 78,500 | 576,160 |
| Travelling and conveyance expense | | 25,200 | 40,320 |
| Legal and professional charges | | 324,800 | 306,890 |
| Auditors' remuneration | 18.1 | 176,800 | 177,250 |
| Entertainment and water charges | | 52,170 | 126,555 |
| General expense | | 322,593 | 758,381 |
| Computer supplies and expenses | | 196,300 | 127,500 |
| Internet & Website expenses | | 62,972 | 75,623 |
| Software expenses | | 878,800 | 351,550 |
| Depreciation | 4 | 1,563,175 | 683,637 |
| | | 23,484,341 | 21,632,833 |
| ***18.1 Auditors' remuneration*** | | | |
| Statutory audit fee | | 115,000 | 100,000 |
| Certification fee | | 61,800 | 77,250 |
| | | 176,800 | 177,250 |
| **19 FINANCIAL CHARGES** | | | |
| Bank charges | | 669,471 | 426,117 |
| **20 OTHER INCOME** | | | |
| Risk Management System (RMS) profit | | 1,497,591 | 736,278 |
| Dividend income | | 735,546 | - |
| Other income | | 748,803 | 149,033 |
| | | 2,981,940 | 885,311 |

| | 2022 Rupees | 2021 Rupees |
|---|---|---|

## 21 TAXATION

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| Current year | 200,649 | 85,449 |
| Prior year | (13,268) | (166,422) |
| | 187,381 | (80,973) |

## 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### FINANCIAL ASSETS AND LIABILITIES

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| ***Financial assets*** | | |
| Short-term investments | 61,569,730 | 58,058,060 |
| Trade debts | 6,160,197 | 416,155 |
| Advances and other receivables | 6,776,641 | 31,715,234 |
| Cash and bank balance | 3,783,330 | 32,850,541 |
| | 78,289,898 | 123,039,990 |
| ***Financial Liabilities*** | | |
| Trade and other payables | 4,877,218 | 36,072,130 |
| Temporary overdraft | 3,196,213 | 14,455,270 |
| | 8,073,431 | 50,527,400 |

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

Risk managed and measured by the Company are explained below: -

a) Credit risk
b) Liquidity risk
c) Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

### 22.1 *Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, Company applies credit limits and deal with credit worthy parties. It makes full provision against those balances considered doubtful and by dealing with variety of major banks and financial institutions.

The carrying amounts of financial assets represent the maximum credit exposure, as specified below: -

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Trade debts | 8 | 6,160,197 | 416,155 |
| Advances and other receivables | 9 | 6,776,641 | 31,715,234 |
| Cash at banks | 12 | 3,780,145 | 32,850,541 |
| | | 16,716,983 | 64,981,930 |

The maximum exposure to credit risk for trade debtors and other receivables at the reporting date are as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | *Gross* | *Impairment* | *Gross* | *Impairment* |
| | *Rupees* | | | |
| Past due 1-30 days | 6,160,197 | - | 416,155 | - |

### 22.2 *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities, including estimated interest payments:-

| | 2022 | | | |
|---|---|---|---|---|
| | *Carrying Amount* | *Contractual cash flows* | *Upto one year* | *More than one year* |
| | *Rupees* | | | |
| ***Financial liabilities*** | | | | |
| Trade and other payables | 4,877,218 | 4,877,218 | 4,877,218 | - |

| | 2021 | | | |
|---|---|---|---|---|
| | *Carrying Amount* | *Contractual cash flows* | *Upto one year* | *More than one year* |
| | *Rupees* | | | |
| ***Financial liabilities*** | | | | |
| Trade and other payables | 36,072,130 | 36,072,130 | 36,072,130 | - |

### 22.3 *Market risk*

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest / mark up rate risk and price risk. The market risks associated with the Company's business activities are discussed as under:-

*Currency Risk*
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Currently the Company is not exposed to any currency risk because the company is not dealing in any foreign currency transactions.

*Interest / mark up rate risk*
Financial assets include balance of **Rs. 4.718 million** (2021 : Rs. 22.046 million) and financial liabilities includes balance of **Rs. 3.196 million** (2021 : Rs. 14.455 million) which are subject to interest rate risk. Applicable interest/mark-up rates for financial assets and liabilities have been indicated in respective notes.

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows: -

| | *Carrying amount* | |
|---|---|---|
| | *2022* | *2021* |
| | *Rupees* | *Rupees* |
| *Financial assets* | | |
| Exposure deposit | **4,718,534** | 22,046,059 |
| *Financial liability* | | |
| Temporary overdraft | **3,196,213** | 14,455,270 |

*Sensitivity analysis*
The Company does not account for any fixed rate financial asset and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument and company does not have any variable rate instrument which effect profit and loss account and equity.

The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

| | *Profit and loss 100 bp* | |
|---|---|---|
| | *increase* | *decrease* |
| | *Rupees* | *Rupees* |
| *As at June 30, 2022* | | |
| Cash flow sensitivity -Variable rate financial instruments | 15,223 | (15,223) |
| *As at June 30, 2021* | | |
| Cash flow sensitivity -Variable rate financial instruments | 75,908 | (75,908) |

*Price risk*

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up 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 or similar financial instruments traded in the market.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable which if not, impairment loss has been recognised and other opportunities may be considered. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date except for, unquoted associates which are carried at fair value determined through latest sales price. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

*Sensitivity analysis*

The table below summarizes Company's equity price risk as of June 30, 2022 and 2021 and shows the effects of hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worst because of the nature of the equity market and aforementioned concentrations existing in company's equity investment portfolio.

| | *Fair Value* | *Hypothetical price change* | *Estimated fair value after hypothetical change in prices* | *Hypothetical increase (decrease) in Shareholders' Equity* |
|---|---|---|---|---|
| | *Rupees* | | *Rupees* | *Rupees* |
| **June 30, 2022** | **61,569,730** | **10% increase** | **67,726,703** | **6,156,973** |
| | | **10% decrease** | **55,412,757** | **(6,156,973)** |
| June 30, 2021 | 58,058,060 | 10% increase | 63,863,866 | 5,805,806 |
| | | 10% decrease | 52,252,254 | (5,805,806) |

### 22.4 *Fair value of financial instruments*

The carrying values of the financial assets and financial liabilities 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 arm's length transaction.

### 22.5 *Fair value hierarchy*

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable).

| | *Level 1* | *Level 2* | *Level 3* |
|---|---|---|---|
| | | *Rupees* | |
| ***June 30, 2022*** | | | |
| Investments at fair value through profit and loss account | **61,569,730** | - | - |
| *June 30, 2021* | | | |
| Investments at fair value through profit and loss account | 58,058,060 | - | - |

## 23 *CAPITAL RISK MANAGEMENT*

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes during the year ended June 30, 2022.

The Company monitors capital by effective control over expenses and investment. Therefore no debt is taken by the company.

## 24 *REMUNERATION OF CHIEF EXECUTIVE AND DIRECTOR*

| | *Chief Executives* | | *Director* | |
|---|---|---|---|---|
| | *2022* | *2021* | *2022* | *2021* |
| | | *Rupees* | | |
| Managerial remuneration | **1,200,000** | 1,200,000 | **3,007,491** | 2,184,000 |
| Number of persons | **1** | 1 | **1** | 1 |

***24.1*** The Director has been provided with the free use of company maintained vehicle in accordance with the company's policy.

## 25 *TRANSACTIONS WITH RELATED PARTIES*

The related parties comprise associated undertakings, directors of the Company, key management employees. The Company continues to have a policy whereby all transactions with related parties undertakings are entered into at commercial terms and conditions. Year end balances with related parties are shown in the relevant notes to the financial statements except below:

Transaction with associated undertakings and key management personnel under the term of their employment, are as follows: -

| | *2022* | *2021* |
|---|---|---|
| | *Rupees* | *Rupees* |
| **Outstanding balances** | | |
| Directors -Trade creditors | **1,250,853** | 11,177,190 |
| Key Management Personnel - Trade creditors | **8,215** | 80,002 |

## 26 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan. There were no change in the reportable segments during the year.

The Company is domiciled in Pakistan. The Company's revenue is generated from shares brokerage and portfolio management.

All non-current assets of the Company at June 30, 2022 are located in Pakistan.

## 27 CAPITAL ADEQUACY LEVEL

The capital adequacy level of the company is as follows:

| | *Note* | *2022* *Rupees* | *2021* *Rupees* |
|---|---|---|---|
| Total assets | 27.1 | **91,249,158** | 146,837,277 |
| Less: Total liabilities | | **(8,073,431)** | (50,527,400) |
| Less: Revaluation reserves (created upon revaluation of fixed assets) | | - | - |
| **Capital Adequacy Level** | | **83,175,727** | 96,309,877 |

*27.1* While determining the value of total assets of TREC holder, notional value of TRE certificate held by Venus Securities (Private) Limited as at June 30, 2022 as determined by the Pakistan Stock Exchange Limited - PSX has been considered.

## 28 CALCULATION OF LIQUID CAPITAL BALANCE

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|---|---|---|---|---|
| **1. Assets** | | | | |
| 1.1 | Property & Equipment | 3,860,757 | 100% | - |
| 1.2 | Intangible Assets | 2,500,000 | 100% | - |

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|---|---|---|---|---|
| 1.3 | Investment in Govt. Securities | | | |
| 1.4 | **Investment in Debt. Securities** | | | |
| | **If listed than:** | | | |
| | i. 5% of the statement of financial position value in the case of tenure upto 1 year. | | 5% | |
| | ii. 7.5% of the statement of financial position value, in the case of tenure from 1-3 years. | | 7.5% | |
| | iii. 10% of the statement of financial position value, in the case of tenure of more than 3 years. | | 10% | |
| | **If unlisted than:** | | | |
| | i. 10% of the statement of financial position value in the case of tenure upto 1 year. | - | 10% | - |
| | ii. 12.5% of the statement of financial position value, in the case of tenure from 1-3 years. | - | 12.5% | - |
| | iii. 15% of the statement of financial position value, in the case of tenure of more than 3 years. | - | 15% | - |
| 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. | 52,230,500 | 7,834,575 | 44,395,925 |
| | ii. If unlisted, 100% of carrying value. | - | 100% | - |
| | iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker. | | | |
| | iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017)<br>Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017) | 9,339,230 | 100% | - |
| 1.6 | Investment in subsidiaries | - | 100% | - |
| 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. | - | 100% | - |
| 1.8 | Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity. | 5,264,055 | 100% | - |
| 1.9 | Margin deposits with exchange and clearing house. | 4,718,534 | - | 4,718,534 |
| 1.10 | Deposit with authorized intermediary against borrowed securities under SLB. | | | |
| 1.11 | Other deposits and prepayments | - | 100% | - |

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|---|---|---|---|---|
| 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. | | 100% | |
| 1.13 | Dividends receivables. | | | |
| 1.14 | Amounts receivable against Repo financing.<br>Amount paid as purchaser under the REPO agreement. ***(Securities purchased under repo arrangement shall not be included in the investments.)*** | | | |
| 1.15 | i. Short Term Loan to Employees: Loans are Secured and Due for repayment within 12 months | 1,034,263 | 0% | 1,034,263 |
| | ii. Receivables other than trade receivables | 1,019,448 | 100% | - |
| 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. | | | |
| | claims 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.<br>i. Lower of net statement of financial position value or value determined through adjustments. | | | |
| | ii. Incase receivables are against margin trading, 5% of the net statement of financial position value.<br>ii. Net amount after deducting haircut | | | |
| | iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract,<br>*iii. Net amount after deducting haircut* | | | |
| | iv. In case of other trade receivables not more than 5 days overdue, 0% of the net statement of financial position value.<br>iv. statement of financial position value | 6,086,147 | - | 6,086,147 |
| | v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.<br>v. Lower of net statement of financial position value or value determined through adjustments | 74,050 | 63,456 | 10,594 |

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|---|---|---|---|---|
| | ***vi. 100% haircut in the case of amount receivable form related parties.*** | | 100% | |
| 1.18 | **Cash and Bank balances** | | | |
| | i. Bank Balance-proprietary accounts | 4,965 | - | 4,965 |
| | ii. Bank balance-customer accounts | 3,775,180 | - | 3,775,180 |
| | iii. Cash in hand | 3,185 | - | 3,185 |
| 1.19 | **Total Assets** | **89,910,314** | | 60,028,793 |

**2. Liabilities**

| | | | | |
|---|---|---|---|---|
| 2.1 | **Trade Payables** | | | |
| | i. Payable to exchanges and clearing house | | | |
| | ii. Payable against leveraged market products | | | |
| | iii. Payable to customers | 3,774,676 | - | 3,774,676 |
| 2.2 | **Current Liabilities** | | | |
| | i. Statutory and regulatory dues | | | |
| | ii. Accruals and other payables | 1,102,542 | - | 1,102,542 |
| | iii. Short-term borrowings | 3,196,213 | - | 3,196,213 |
| | iv. Current portion of subordinated loans | | | |
| | v. Current portion of long term liabilities | | | |
| | vi. Deferred Liabilities | | | |
| | vii. Provision for bad debts | | | |
| | viii. Provision for taxation | - | - | - |
| | ix. Other liabilities as per accounting principles and included in the financial statements | - | - | - |
| 2.3 | **Non-Current Liabilities** | | | |
| | i. Long-Term financing | | | |
| | a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease | | | |
| | b. Other long-term financing | | | |
| | ii. Staff retirement benefits | | | |
| | **iii. Advance against shares for Increase in Capital of Securities broker:** 100% haircut may be allowed in respect of advance against shares if:<br>a. The existing authorized share capital allows the proposed enhanced share capital<br>b. Board of Directors of the company has approved the increase in capital | | | |
| 2.3 | c. Relevant Regulatory approvals have been obtained.<br>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.<br>e. Auditor is satisfied that such advance is against the increase of capital. | | | |
| | iv. Other liabilities as per accounting principles and included in the financial statements | - | - | - |

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|---|---|---|---|---|
| 2.4 | **Subordinated Loans** | | | |
| | i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:<br>The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified:<br>a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period<br>b. No haircut will be allowed against short term portion which is repayable within next 12 months.<br>c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange. | - | - | - |
| | ii. Subordinated loans which do not fulfill the conditions specified by SECP | | | |
| 2.5 | **Total Liabilities** | 8,073,431 | | 8,073,431 |

3. **Ranking Liabilities Relating to :**

| | | | | |
|---|---|---|---|---|
| 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:<br>(i) Amount deposited by the borrower with NCCPL<br>(ii) Cash margins paid and<br>(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 issues : if the market value of securities is less than or equal to the subscription price; the aggregate of:<br>(i) the 50% of Haircut multiplied by the underwriting commitments and | | | |
| 3.3 | (ii) the value by which the underwriting commitments exceeds the market price of the securities.<br>In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting. | | | |
| | **(b) in any other case :** 12.5% of the net underwriting commitments | | | |

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|---|---|---|---|---|
| 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.<br>**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. | - | 1,648,471 | 1,648,471 |
| 3.9 | **Opening Positions in futures and options** | | | |
| | 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. | - | 727,584 | 727,584 |
| | 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** | - | 2,376,055 | 2,376,055 |
| | | 81,836,883 | **Liquid Capital** | 49,579,306 |

| | *Net Adjusted Value* |
|---|---|
| **Calculations Summary of Liquid Capital** | |
| **(i) Adjusted value of Assets (serial number 1.19)** | **60,028,793** |
| **(ii) Less: Adjusted value of liabilities (serial number 2.5)** | **(8,073,431)** |
| **(iii) Less: Total ranking liabilities (series number 3.11)** | **(2,376,055)** |
| | **49,579,306** |

| | *2022* | *2021* |
|---|---|---|
| ***29 NUMBER OF EMPLOYEES*** | | |
| Number of employees as at | **13** | 16 |
| Average number of employees | **15** | 14 |

## *30 DATE OF AUTHORIZATION FOR ISSUE*

The financial statements were approved by the Board of Directors and were authorized for issue on 10 OCT 2022.

***Chief Executive***

***Director***